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ABSTRACT

The Job Training Reform Act Amendments were introduced in the House of Representatives to amend the Job Training Partnership Act (JTPA) to improve the delivery of services to hard-to-serve youth and adults and for other purposes. This report summarizes this proposed legislation, which was recommended for passage by the Committee on Education and Labor, and provides a rationale for its becoming law. The report contains the following 13 sections: introduction to the bill; purpose and summary; history of the legislation and committee action; background and need for legislation; committee views and an explanation for them; Congressional Budget Office cost estimate; committee cost estimate; inflationary impact statement; oversight findings of the committee; oversight findings and recommendations of the committee on government operations; section-by-section analysis; and additional views. (KC)

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ED337647

102D CONGRESS *1st Session* | HOUSE OF REPRESENTATIVES | REPORT 102-240

JOB TRAINING REFORM ACT AMENDMENTS

OCTOBER 7, 1991 —Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. FORD, from the Committee on Education and Labor, submitted the following

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REPORT

together with

ADDITIONAL VIEWS

[To accompany H.R. 3033]

[Including cost estimate of the Congressional Budget Office]

The Committee on Education and Labor, to whom was referred the bill (H.R. 3033) to amend the Job Training Partnership Act to improve the delivery of services to hard-to-serve youth and adults, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

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The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

59-006

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SECTION 1. SHORT TITLE.

This Act may be cited as the "Job Training Reform Amendments".

SEC. 2. TABLE OF CONTENTS.

The table of contents is as follows:

Sec. 1. Short title.
Sec. 2. Table of contents.
Sec. 3. Declaration of policy and statement of purpose.
Sec. 4. Authorization of appropriations.
Sec. 5. Definitions.
Sec. 6. Establishment of a service delivery area.
Sec. 7. Private industry council.
Sec. 8. Job training plan.
Sec. 9. Review of plan.
Sec. 10. Performance standards.
Sec. 11. Selection of service providers.
Sec. 12. Limitation on certain costs.
Sec. 13. Recapture and reallotment of unobligated funds under title II.
Sec. 14. Governor's coordination and special services plan.
Sec. 15. State job training coordinating council.
Sec. 16. State education coordination and grants.
Sec. 17. Additional amendments to part B of title I.
Sec. 18. Amendments to part C of title I.
Sec. 19. Benefits.
Sec. 20. Fiscal controls; sanctions.
Sec. 21. Reports, recordkeeping, and investigations.
Sec. 22. Revision of title II.
Sec. 23. Employment and training assistance for dislocated workers.
Sec. 24. Native American and migrant programs.
Sec. 25. Job corps.
Sec. 26. Amendments to part D of title IV: national activities.
Sec. 27. Uniform requirements.
Sec. 28. Amendments to part E of title IV: labor market information.
Sec. 29. Establishment of the youth opportunity program.
Sec. 30. Establishment of the microenterprise grants program.
Sec. 31. Establishment of a new part J of title IV: disaster relief.
Sec. 32. Technical and conforming amendments.
Sec. 33. Effective date; transition provisions.
Sec. 34. State human resource investment council.

SEC. 3. DECLARATION OF POLICY AND STATEMENT OF PURPOSE.

(a) DECLARATION OF POLICY.—In recognition of the training needs of low-income adults and youth, the Congress declares it to be the policy of the United States to—

(1) provide financial assistance to States and local service delivery areas to meet the training needs of such low-income adults and youth, and to assist such individuals in obtaining unsubsidized employment;

(2) increase the funds available for title II programs as amended by this Act by no less than 10 percent of the baseline each fiscal year to provide for growth in the number of eligible adults and youth served beyond the current 5 percent of the eligible population in need of these services; and

(3) encourage the provision of longer, more comprehensive, education, training, and employment services to the eligible population, which also requires increased funding in order to maintain current service levels.

(b) PURPOSE.—Section 2 of the Job Training Partnership Act (hereafter in this Act referred to as "the Act") is amended to read as follows:

"STATEMENT OF PURPOSE

"SEC. 2. It is the purpose of this Act to establish programs to prepare youth and adults facing serious barriers to employment for participation in the labor force by providing job training and other services that will result in increased employment and earnings, increased educational and occupational skills, and decreased welfare dependency.".

SEC. 4. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—Section 3 of the Act is amended—

(1) by striking subsections (a) and (b) and inserting the following:

"(a) TITLE II AUTHORIZATIONS.—

"(1) PARTS A AND C.—There are authorized to be appropriated to carry out parts A and C of title II such sums as may be necessary for fiscal year 1993 and for each succeeding fiscal year. Of the sums appropriated to carry out parts A and C of title II for each such fiscal year, an amount equal to 60 percent of such sums shall be made available to carry out part A of such title and an amount equal to 40 percent of such sums shall be made available to carry out part C of such title.

"(2) PART B.—There are authorized to be appropriated to carry out part B of title II such sums as may be necessary for fiscal year 1993 and for each succeeding fiscal year.".

(2) by redesignating subsection (c) as subsection (b);

(3) by inserting after such subsection (b) the following:

"(c) TITLE IV AUTHORIZATIONS.—

"(1) IN GENERAL.—There are authorized to be appropriated to carry out parts A, C, D, E, F, and G of title IV for fiscal year 1993 and each succeeding fiscal year such sums as may be necessary, not to exceed an amount equal to 7 percent of the sum of the amounts appropriated for parts A and C of title II for such fiscal year.

"(2) RESERVATIONS.—The Secretary shall reserve from the amount appropriated under paragraph (1) for any fiscal year—

"(A) an amount equal to 7 percent of the amount appropriated under paragraph (1) to carry out part C of title IV;

"(B) $2,000,000 to carry out part F of title IV; and

"(C) $6,000,000 to carry out section 462(e) and (f).

"(3) YOUTH OPPORTUNITIES UNLIMITED.—There are authorized to be appropriated $100,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out part H of title IV.

"(4) MICROENTERPRISE GRANTS.—There are authorized to be appropriated $5,000,000 for each of fiscal years 1993 through 1997 to carry out part I of title IV.

"(5) DISASTER RELIEF EMPLOYMENT.—There are authorized to be appropriated to carry out part J of title IV, $15,000,000 for fiscal year 1993 and such sums as may be necessary for each succeeding fiscal year. Funds appropriated pursuant to this paragraph are authorized to remain available for such part J until expended.

"(6) TRAINING NETWORKS.—There are authorized to be appropriated to carry out section 457, $15,000,000 for fiscal year 1993 and such sums as may be necessary for each succeeding fiscal year.".

(b) CONFORMING AMENDMENTS.—

(1) Section (3)(e)(2) of the Act is amended—

(A) by striking "part A" and inserting "parts A and C"; and

(B) by striking "such part" and inserting "such parts".

(2) Section 302(a) of the Act is amended by striking "section 3(c)" and inserting "section 3(b)".

SEC. 5. DEFINITIONS.

Section 4 of the Act is amended—

(1) in paragraph (3) by striking "part A" and inserting "parts A and C"; and

(2) in paragraph (5)—

(A) by inserting "the Association of Farmworker Opportunity Programs, the Center for Employment Training, organizations serving older workers," after "Jobs for Youth,", and

(B) by striking "(including the National Urban Indian Council)";

(3)(A) in paragraph (8)(B)(i), by striking "level determined in accordance with criteria established by the Director of the Office of Management and Budget" and inserting "income guidelines promulgated each year by the Secretary of Health and Human Services";

(B) in paragraph (8)(C), by inserting "(or has been determined to be eligible to receive)" after "is receiving";

(C) in paragraph (8)(D), by inserting "subsections (a) and (c) of" after "under"; and

(D) in paragraph (8)(F), by striking "adult handicapped individual" and inserting "individual with disabilities";

(4) in paragraph (10), by striking "handicapped individual" and inserting "individual with disabilities";

(5) in paragraph (22), by striking "and the Trust Territory of the Pacific Islands" and inserting ", the Freely Associated States, and the Republic of Palau";

(6) in paragraph (24), by inserting "financial assistance (except as a post-termination service), drug and alcohol abuse counseling and referral, individual and family counseling," after "health care,", and by inserting "and dependent care" after "child care";

(7) by amending paragraph (29) to read as follows:

"(29) The term 'displaced homemaker' means an individual who has been providing unpaid services to family members in the home and who—

"(A) has been dependent either—

"(i) on public assistance and whose youngest child is within 2 years of losing eligibility under part A of title IV of the Social Security Act; or

"(ii) on the income of another family member but is no longer supported by that income; and

"(B) is unemployed or underemployed and is experiencing difficulty in obtaining or upgrading employment."; and

(8) by adding after paragraph (29) the following new paragraphs:

"(30) The term 'participant' means an individual who has been determined to be eligible to participate in and who is receiving services (except post-termination services authorized under sections 204(c)(5) and 274(d)(5)) under a program authorized and funded by this Act. Participation shall be deemed to commence on the first day, following determination of eligibility, on which the participant began receiving subsidized employment, training, or services funded under this Act.

"(31) The term 'termination' means the separation of a participant who is no longer receiving services (except post-termination services authorized under sections 204(c)(5) and 254(d)(6)) under a program authorized and funded by this Act.

"(32) The term 'school dropout' means an individual who is no longer attending any school and who has not received a secondary school diploma or a certificate from a program of equivalency for such a diploma.

"(33) The term 'JOBS' means the Job Opportunities and Basic Skills Training Program authorized under part F of title IV of the Social Security Act.

"(34) The term 'basic skills deficient' means reading or computing skills at or below the 8th grade level on a generally accepted standard test or equivalent score on a criterion referenced test.

"(35) The term 'case management' means the provision of a client-centered approach in the delivery of services, designed to prepare and coordinate comprehensive employment plans, such as service strategies, for participants to assure access to the necessary training and support services, and to provide job and career counseling during program participation and after job placement.".

SEC. 6. ESTABLISHMENT OF A SERVICE DELIVERY AREA.

Section 101(c)(1) of the Act is amended by inserting before the period at the end of the first sentence the following: ", except as provided for in sections 106(j) and 164(b)".

SEC. 7. PRIVATE INDUSTRY COUNCIL.

Section 102(a)(2) of the Act is amended—

(1) by inserting "local welfare agencies," after "rehabilitation agencies,"; and

(2) by inserting "each of the following groups:" after "representatives of".

SEC. 8. JOB TRAINING PLAN.

(a) RESTRICTION OF PLANS TO TITLE II PROGRAMS.—Section 104(a) of the Act is amended by inserting "for programs under title II" after "appropriated".

(b) CONTENTS OF JOB TRAINING PLANS.—Section 104(b) of the Act is amended to read as follows:

"(b) Each job training plan for the programs conducted for adults under part A of title II and for youth under parts B and C of title II shall contain—

"(1) an identification of the entity or entities which will administer the program and be the grant recipient of funds from the State;

"(2) if there is more than one service delivery area in a single labor market area, provisions for coordinating particular aspects of the service delivery area program with other programs and service providers in the labor market area, including provisions for—

"(A) assessment of needs and problems in the labor market that form the basis for program planning;

"(B) ensuring access by program participants in each service delivery area to skills training and employment opportunities throughout the entire labor market;

"(C) coordinated or joint implementation of job development, placement, and other employer outreach activities; and

"(D) agreements, established pursuant to section 141(e), between service delivery areas to pay or share the cost of services;

"(3) a description of methods of complying with the coordination criteria contained in the Governor's coordination and special service plan;

"(4) a description of linkages established with appropriate agencies, pursuant to sections 205 and 275, designed to enhance the provision of services and avoid duplication, including—

"(A) agreements with appropriate educational agencies;

"(B) arrangements with other education, training, and employment programs authorized by Federal law; and

"(C) efforts to ensure the effective delivery of services to participants in coordination with local welfare agencies and other local agencies, community organizations, volunteer groups, business and labor organizations, and other training, education, employment, and social service programs;

"(5) goals and objectives for the programs, including performance standards established in accordance with standards prescribed under section 106;

"(6) adult and youth program budgets for two program years and any proposed expenditures for the succeeding two program years, in such detail as is determined to be necessary by the entity selected to prepare this portion of the plan pursuant to section 103(b)(1)(B) and to meet the requirements of section 108;

"(7) procedures for identifying and selecting participants, including, where appropriate, outreach efforts to recruit locally determined target groups, and for eligibility determination and verification;

"(8) a description of—

"(A) the assessment process that will identify participant skill levels and service needs;

"(B) the process for providing information and referrals for applicants and participants relating to appropriate programs and service providers;

"(C) the services to be provided, including the means for involving labor organizations and community-based organizations in the provision of services, and the estimated duration of service and the estimated cost of services per participant;

"(D) the competency levels to be achieved by participants as a result of program participation; and

"(E) the procedures for evaluating the progress of participants in achieving competencies;

"(9) a description of the procedures and methods of carrying out title V, relating to incentive bonus payments for the placement of individuals eligible under such title;

"(10) procedures for selecting service providers, consistent with section 107, which take into account past performance in job training or related activities, fiscal accountability, and ability to meet performance standards;

"(11) fiscal control (including procurement, monitoring, and management information system requirements), accounting, audit, and debt collection procedures, consistent with section 164, to assure the proper disbursal of, and accounting for, funds received under title II; and

"(12) procedures for the preparation and submission of an annual report to the Governor, which shall include—

"(A) a description of activities conducted during the program year;

"(B) characteristics of participants; and

"(C) the extent to which applicable performance standards were met.".

SEC. 9. REVIEW OF PLAN.

Section 105(b)(1)(E) of the Act is amended by striking "section 121(b)", and inserting "sections 121(b), 205, and 275".

SEC. 10. PERFORMANCE STANDARDS.

Section 106 of the Act is amended to read as follows:

"PERFORMANCE STANDARDS

"SEC. 106. (a) FINDINGS.—The Congress recognizes that job training is an investment in human capital and not an expense. In order to determine whether that investment has been productive, the Congress finds that—

"(1) it is essential that criteria for measuring the return on this investment be developed; and

"(2) the basic return on the investment is to be measured by increased employment and earnings, reductions in welfare dependency, and increased educational attainment and occupational skills.

"(b) TITLE II PERFORMANCE STANDARDS.—

"(1) GENERAL OBJECTIVE.—In prescribing performance standards for parts A and C of title II, the Secretary shall ensure that States and service delivery areas will make efforts to increase services and positive outcomes for hard-to-serve individuals.

"(2) ACHIEVEMENT OF BASIC MEASURES.—In order to determine whether the basic measures described in subsection (a) are achieved for programs under parts A and C of title II, the Secretary, in consultation with the Secretary of Education and the Secretary of Health and Human Services, shall prescribe performance standards.

"(3) CONTENTS OF ADULT STANDARDS.—The standards for adult programs under part A of title II shall be based on appropriate factors which may include—

"(A) placement and long-term retention in unsubsidized employment;

"(B) the increase in earnings, including hourly wages;

"(C) the reduction in welfare dependency; and

"(D) the acquisition of skills, including basic skills, required to promote continued employability in the local labor market, or the acquisition of a high school diploma or its equivalent, if the acquisition of such skills or diploma is in addition to obtaining one or more of the outcomes described in subparagraphs (A) through (C).

"(4) CONTENTS OF YOUTH STANDARDS.—In addition to appropriate utilization of the factors described in paragraph (3), the standards for youth programs under part C of title II shall include—

"(A) attainment of employability competencies;

"(B) dropout prevention and recovery;

"(C) secondary and postsecondary school completion or the equivalent thereof; and

"(D) enrollment in other education, training, or employment programs or apprenticeships, or enlistment in the Armed Forces.

"(5) COMPETENCY STANDARDS.—The private industry council, in consultation with educational agencies and the private sector, and where appropriate, labor organizations and community-based organizations, shall determine levels for competency standards based on such factors as entry skill levels and other hiring requirements.

"(6) ADDITIONAL ELEMENTS OF STANDARDS.—The standards shall include the provisions governing—

"(A) the base period prior to program participation that will be used;

"(B) a representative period after termination from the program that is a reasonable indicator of post-program employment and earnings; and

"(C) cost-effective methods for obtaining such data as are necessary to carry out this section and section 454 which, notwithstanding any other provision of law, may include access to earnings records, State employment security records, Federal Insurance Contributions Act records, State aid to families with dependent children records, statistical sampling techniques, and similar records or measures, with appropriate safeguards to protect the confidentiality of the information obtained.

"(7) PROGRAM EXPENDITURES.—The Secretary shall prescribe performance standards relating gross program expenditures to various performance measures. Such standards shall not be taken into consideration in the award of incentive grants pursuant to paragraph (8).

"(8) INCENTIVE GRANTS.—From funds available pursuant to sections 202(c)(1)(B) and 272(c)(1)(B), each Governor shall award incentive grants to service delivery areas conducting programs under parts A and C of title II based on such service delivery areas—

"(A) exceeding the performance standards established by the Secretary pursuant to this subsection (except for the standard established pursuant to paragraph (7)), with respect to services to all participants, while also exceeding the performance standards established for services to the hard to serve populations, such as the target groups listed in sections 203(a) and 273(b) and (d);

"(B) placing participants in employment which—

"(i) provides post-program earnings exceeding the appropriate performance criteria; and

"(ii) includes employer-assisted employment benefits, including health benefits, consistent with the requirements of section 143(a)(4) relating to subsidized employment; and

"(C) exceeding the performance standards established by the Governor for programs under title II pursuant to subsection (e); except that not more

than 25 percent of the funds used for incentive grants shall be awarded on performance standards established pursuant to subsection (e) which must include rewards for standards directly encouraging services to the hard to serve populations, such as the target groups listed in sections 203(a) and 273(b) and (d).

"(c) TITLE III PERFORMANCE STANDARDS.—The Secretary shall prescribe performance standards for programs under title III based on placement and retention in unsubsidized employment.

"(d) STATE VARIATION OF PERFORMANCE STANDARDS.—

"(1) GOVERNORS' AUTHORITY.—Each Governor shall prescribe, and report in the Governor's coordination and special services plan, within parameters established by the Secretary, variations in the standards issued under subsections (b) and (c) based upon—

"(A) specific economic, geographic, and demographic factors in the State and in service delivery areas and substate areas within the State,

"(B) the characteristics of the population to be served,

"(C) the demonstrated difficulties in serving the population, and

"(D) the type of services to be provided.

"(2) SECRETARY'S RESPONSIBILITIES.—The Secretary shall—

"(A) provide information and technical assistance on performance standards adjustments;

"(B) collect data that identifies hard-to-serve individuals and long-term welfare dependency;

"(C) provide guidance on setting performance standards at the service provider level that encourages increased service to the hard-to-serve, particularly long-term welfare recipients; and

"(D) review performance standards to ensure that such standards provide maximum incentive in serving the hard-to-serve, particularly long-term welfare recipients, including those receiving benefits under title IV of the Social Security Act, relating to aid to families with dependent children, and title XVI of such Act, relating to supplemental security income.

"(e) ADDITIONAL STATE STANDARDS PERMITTED.—The Governor may prescribe performance standards for programs under title II and title III in addition to those standards established by the Secretary under subsections (b) and (c). Such additional standards may include criteria requiring establishment of effective linkages with other programs to avoid duplication and enhance the delivery of services, the provision of high quality services, and successful service to target groups. The additional performance standards established for title II shall be reported in the Governor's coordination and special services plan.

"(f) TITLES IV AND V STANDARDS.—The Secretary shall prescribe performance standards for programs under parts A and B of title IV and for programs under title V.

"(g) ADJUSTMENT FOR SPECIAL POPULATIONS.—The Secretary shall prescribe a system for variations in performance standards for special populations to be served, including Native Americans, migrant and seasonal farmworkers, disabled and Vietnam era veterans, including veterans who served in the Indochina Theater between August 5, 1964, and May 7, 1975, and offenders, taking into account their special circumstances.

"(h) MODIFICATIONS.—

"(1) IN GENERAL.—The Secretary may modify the performance standards under this section not more often than once every two program years. Such modifications shall not be retroactive.

"(2) TITLE IV-B STANDARDS.—Notwithstanding paragraph (1), the Secretary may modify standards relating to programs under part B of title IV each program year.

"(i) FUNCTIONS OF NCEP.—The National Commission for Employment Policy shall—

"(1) advise the Secretary in the development of performance standards under this section for measuring results of participation in job training and in the development of parameters for variations of such standards referred to in subsection (d);

"(2) evaluate the usefulness of such standards as measures of desired performance; and

"(3) evaluate the impact of such standards (intended or otherwise) on the choice of who is served, what services are provided, and the cost of such services in service delivery areas.

"(j) FAILURE TO MEET STANDARDS.—

"(1) UNIFORM CRITERIA.—The Secretary shall establish uniform criteria for determining whether a service delivery area fails to meet performance standards under this section, and when remedial action authorized under this subsection shall be taken.

"(2) TECHNICAL ASSISTANCE.—Each Governor shall provide technical assistance to service delivery areas failing to meet performance standards under the uniform criteria established pursuant to paragraph (1).

"(3) PROCESS FOR CORRECTION.—Each Governor shall report to the Secretary the final standards and performance for each service delivery area within the State not later than 90 days after the end of the program year, along with the Governor's plans for providing the technical assistance required pursuant to paragraph (2).

"(4) RECAPTURE AND WITHHOLDING.—If the Secretary accepts the Governor's plans for technical assistance described in paragraph (2), then the Secretary shall only recapture or withhold funds based upon the Governor's failure to appropriately implement such plan. If the Secretary determines, upon appeal under paragraph (7), that the Governor has not provided appropriate technical assistance, then the Secretary shall recapture or withhold an amount not to exceed one-fifth of the State administration set-aside allocated under sections 202(c)(1)(A) and 272(c)(1)(A). The Secretary shall use funds recaptured or withheld under this paragraph to provide appropriate technical assistance.

"(5) REORGANIZATION PLAN.—

"(A) PLAN REQUIRED FOR CONTINUED FAILURE.—If a service delivery area continues to fail to meet such performance standards for 2 program years, the Governor shall notify the Secretary and the service delivery area of the continued failure, and shall develop and impose a reorganization plan. Such plan may restructure the private industry council, prohibit the use of designated service providers, merge the service delivery area into one or more other existing service delivery areas, or make such other changes as the Governor deems necessary to improve performance, including the selection of an alternative entity to administer the program for the service delivery area.

"(B) ALTERNATIVE ADMINISTRATIVE AGENCY SELECTION.—The alternative administrative entity described in subparagraph (A) may be a newly formed private industry council or any agency jointly selected by the Governor and the chief elected official of the largest unit of general local government in the service delivery area or substate area.

"(6) SECRETARIAL ACTION.—If the Governor has not imposed a reorganization plan as required by paragraph (5) within 90 days of the end of the second program year in which a service delivery area has failed to meet its performance standards, then the Secretary shall develop and impose such a plan, including the selection of an alternative entity to administer the program for the service delivery areas. The Secretary shall recapture or withhold an amount not to exceed one-fifth of the State administration set-aside allocated under sections 202(c)(1)(A) and 272(c)(1)(A) for the purposes of providing technical assistance pursuant to a reorganization under paragraph (5).

"(7) APPEAL.—A service delivery area that is the subject of a reorganization plan under paragraph (5) may, within 30 days after receiving notice thereof, appeal to the Secretary for a revision of the plan. A Governor of a State that is subject to recapture or withholding under paragraph (4) or (6) may, within 30 days after receiving notice thereof, appeal such withholding to the Secretary.

"(k) DEFINITION.—For purposes of this section, the term 'employment' means employment for a minimum of 20 hours per week.".

SEC. 11. SELECTION OF SERVICE PROVIDERS.

(a) SELECTION GUIDELINES.—Section 107(a) of the Act is amended by—

(1) inserting ", (in accordance with guidelines established by the Secretary,)" in the first sentence after "demonstrated performance"; and

(2) adding at the end thereof the following: "In addition, consideration shall be given to provision of appropriate supportive services, including child care.".

(b) ADDITIONAL REQUIREMENTS FOR SELECTION.—Section 107 of the Act is amended by adding at the end thereof the following new subsection:

"(e) The selection of service providers shall be made on a competitive basis to the extent practicable, and shall include—

"(1) a determination of the ability of the service provider to meet program design specifications established by the administrative entity that take into ac-

count the purpose of the Act and the goals established in the Governor's coordination and special services plan; and

"(2) documentation of compliance with procurement standards established by the Secretary pursuant to section 164, including the reasons for selection.".

SEC. 12. LIMITATION ON CERTAIN COSTS.

(a) Section 108(a) of the Act is amended to read as follows:

"SEC. 108. (a) Except as provided in section 141(d)(3) (A), (B), and (C), funds expended under this Act shall be charged to the appropriate cost categories.".

(b) COST CATEGORIES AND LIMITATIONS.—Section 108(b) of the Act is amended to read as follows:

"(b)(1) The cost limitations contained in this section shall apply separately to the funds allocated for programs under part A of title II, and to the funds allocated for programs under part C of such title.

"(2) Funds expended under parts A and C of title II shall be charged to one of the following categories:

"(A) administration,

"(B) training-related and supportive services, or

"(C) direct training services.

"(3) The Secretary shall, consistent with sections 204(b) and 274(c), define by regulation the cost categories specified in paragraph (2).

"(4) Of the funds allocated to a service delivery area for any program year under parts A or C of title II—

"(A) not more than 20 percent shall be expended for the costs of administration; and

"(B) not less than 50 percent shall be expended for direct training services.

"(5) Each service delivery area shall ensure that for all services provided to participants through contracts, grants, or other agreements with a service provider, such contract, grant, or agreement shall include appropriate amounts necessary for administrative costs and supportive services.".

(c) REFERENCE TO LIMITATIONS.—Section 108 of the Act is further amended by striking subsection (c), redesignating subsections (d) and (e) as subsections (c) and (d), respectively, and by adding at the end thereof the following new subsection:

"(e) Funds available under title III shall be expended in accordance with the limitations specified in section 315.".

SEC. 13. RECAPTURE AND REALLOTMENT OF UNOBLIGATED FUNDS UNDER TITLE II.

Part A of title I of the Act is amended by adding at the end the following new section:

"RECAPTURE AND REALLOTMENT OF UNOBLIGATED FUNDS UNDER TITLE II

"SEC. 109. (a) WITHIN STATE REALLOCATIONS.—(1) For program years beginning on or after July 1, 1993, the Governor shall, in accordance with the requirements of this subsection, reallocate to eligible service delivery areas within the State funds appropriated for such program year that are available for reallocation.

"(2) The amount available for reallocation is equal to the amount by which the unobligated balance of the service delivery area allocation under parts A or C of title II at the end of the program year prior to the program year for which the determination under this subsection is made exceeds 15 percent of such allocation for that prior program year, except that the percentage of funds recaptured by the State under section 203(d)(1)(B)(i) shall not be considered as part of the unobligated balance for part A under this subparagraph.

"(3) The Governor shall reallocate the amounts available pursuant to paragraph (2), to eligible service delivery areas within the State which have the highest rates of unemployment for an extended period of time and to those with the highest poverty rates. The Secretary shall establish the unemployment and poverty rates at which service delivery areas are determined to be eligible.

"(4) For purposes of this subsection, an eligible service delivery area means a service delivery area which has obligated at least 85 percent of its allocation under part A or C of title II for the program year prior to the program year for which the determination under this subsection is made.

"(b) REALLOTMENT AMONG STATES.—(1) For program years beginning on or after July 1, 1993, the Secretary may, in accordance with the requirements of this subsection, reallot to eligible States funds appropriated for such program year that are available for reallotment.

"(2) The amount available for reallotment is equal to the amount by which the unobligated balance of the State allotment under part A or C of title II at the end of

the program year prior to the program year for which the determination under this subsection is made exceeds 15 percent of such allotment for that prior program year.

"(3) From the amount available pursuant to paragraph (2), the Secretary shall reallot to each eligible State an amount based on the relative amount allotted to such eligible State under part A or C of title II for the program year the determination under this subsection is made compared to the total amount allotted to all eligible States under part A or C of title II for such program year.

"(4) For purposes of this subsection, an eligible State means a State which has obligated at least 85 percent of its allocation under part A or C of title II for the program year prior to the program year for which the determination under this subsection is made.

"(5) The Governor of each State shall prescribe uniform procedures for the obligation of funds by service delivery areas within the State in order to avoid the requirement that funds be made available for reallotment under this subsection. The Governor shall further prescribe equitable procedures for making funds available from the State and service delivery areas in the event that a State is required to make funds available for reallotment under this subsection.".

SEC. 14. GOVERNOR'S COORDINATION AND SPECIAL SERVICES PLAN.

(a) REQUIREMENTS FOR PLAN.—Section 121(b) of the Act is amended by—

(1) amending paragraph (2) to read as follows:

"(2) The plan shall describe the measures taken by the State to ensure coordination and avoid duplication between the State agencies administering the JOBS program and programs under title II in the planning and delivery of services. The plan shall describe the procedures developed by the State to ensure that the State JOBS plan is consistent with the coordination criteria specified in this plan and identify the procedures developed to provide for the review of the JOBS plan by the State Job Training Coordinating Council.";

(2) redesignating paragraphs (3), (4) and (5) as paragraphs (5), (6) and (7), respectively; and

(3) inserting the following new paragraphs after paragraph (2):

"(3) The plan shall describe the projected use of resources, including oversight of program performance, administration and financial management; capacity building; priorities and criteria for State incentive grants; and performance goals for State-supported programs. The description of capacity building shall include the Governor's plans for technical assistance to service delivery areas and service providers, interstate technical assistance and training arrangements, other coordinated technical assistance arrangements pursuant to the direction of the Secretary, and, where applicable, research and demonstration projects.

"(4) The plan shall include, in accordance with the requirements of section 123(c), a description of the programs conducted with funds provided under section 123.".

(b) CONFORMING AMENDMENT.—Section 121(c)(7) of the Act is amended by inserting "coordination of activities relating to part A of title II with" after "(7)".

SEC. 15. STATE JOB TRAINING COORDINATING COUNCIL.

Section 122(a)(3)(B)(i) of the Act is amended by inserting after "agencies or equivalent," the following: "State agencies primarily responsible for administration of programs for older workers,".

SEC. 16. STATE EDUCATION COORDINATION AND GRANTS.

Section 123 of the Act is amended to read as follows:

"STATE EDUCATION COORDINATION AND GRANTS

"SEC. 123. (a) USE OF FUNDS.—The Secretary shall allot to the Governor for allocation to any State education agency the sums available for this section pursuant to sections 202(c)(1)(C) and 272(c)(1)(C). In allocating such funds to the State education agency, the Governor shall not establish requirements governing the distribution of funds under this subsection. All such funds shall be used to carry out projects (in accordance with agreements under subsection (b)) that—

"(1) provide school-to-work transition services of demonstrated effectiveness that increase the rate of graduation from high school, or completion of the recognized equivalent thereof, including services that increase the rate at which dropouts return to regular or alternative schooling and obtain a high school degree or its equivalent, which may include services to support multiyear dropout prevention programs of demonstrated effectiveness;

"(2) provide literacy and lifelong learning opportunities and services of demonstrated effectiveness that enhance the knowledge and skills of educationally

and economically disadvantaged individuals and result in increasing the employment and earnings of such individuals; and

"(3) facilitate coordination of education and training services for eligible participants in programs described under paragraphs (1) and (2), including activities pertaining to a State human resources investment council, which meets the requirements of sections 701 through 705.

"(b) AGREEMENTS REQUIRED.—

"(1) PARTIES TO AGREEMENTS.—The activities described in subsection (a) shall be conducted pursuant to agreements between the State education agency, administrative entities in service delivery areas in the State, and other entities, such as other State agencies, local educational agencies, and alternative service providers (such as community-based and other nonprofit or for-profit organizations).

"(2) CONTENTS OF AGREEMENTS.—The agreements described in paragraph (1) shall provide for the contribution by the State from funds other than those available under this Act of a total amount equal to the amount provided under this section. Such matching amount may include the direct cost of employment or training services provided by other Federal, State, or local programs or agencies.

"(c) GOVERNOR'S PLAN REQUIREMENTS.—Any Governor receiving assistance under this section shall include in the Governor's coordination and special services plan, pursuant to section 121, a description developed by the State education agency of the following:

"(1) the goals to be achieved and services to be provided by the school-to-work transition programs receiving assistance, which shall, at a minimum, include—

"(A) the activities and services that will result in increasing the number of youth staying in or returning to school and graduating from high school or the equivalent,

"(B) the work-based curriculum that will link classroom learning to worksite experience and address the practical and theoretical aspects of work,

"(C) the opportunities that will be made available to participants to obtain career-path employment and postsecondary education,

"(D) the integration to be achieved, where appropriate, in the delivery of services between State and local educational agencies and alternative service providers, such as community-based and nonprofit organizations, and

"(E) the linkages that will be established, where feasible, to avoid duplication and enhance the delivery of services, with programs under—

"(i) title II and part B of title IV of this Act,

"(ii) the Elementary and Secondary Education Act,

"(iii) the Carl D. Perkins Vocational and Applied Technology Education Act,

"(iv) the Individuals with Disabilities Education Act,

"(v) the Adult Education Act,

"(vi) part F of title IV of the Social Security Act (JOBS), and

"(vii) the Stewart B. McKinney Homeless Assistance Act;

"(2) the goals to be achieved and services to be provided by literacy and lifelong learning programs receiving assistance, which shall, at a minimum, include—

"(A) the activities and services that will increase the knowledge and skills of educationally and economically disadvantaged individuals, and result in increased employment and earnings for such individuals;

"(B) the integration to be achieved between projects assisted under this section and the four-year State plan (and related needs assessment carried out for that plan) developed pursuant to section 342 of the Adult Education Act,

"(C) the variety of settings, including workplace settings, in which literacy training and learning opportunities will be provided;

"(D) the linkages that will be established, where feasible, to avoid duplication and enhance the delivery of services, with programs under—

"(i) titles II and III of this Act,

"(ii) the Adult Education Act,

"(iii) the Carl D. Perkins Vocational and Applied Technology Education Act,

"(iv) the Stewart B. McKinney Homeless Assistance Act,

"(v) part F of the Social Security Act (JOBS),

"(vi) the Rehabilitation Act of 1973,

"(vii) the National Literacy Act; and

"(viii) the Emergency Immigrant Education Act; and

"(3) the proportion of funds received under this section that shall be used to carry out the program described in paragraph (1) and the proportion that shall be used to carry out the program described in paragraph (2).

"(d) SERVICE REQUIREMENTS.—

"(1) PERMITTED SERVICES.—Services funded under this section to carry out the programs described in subsection (a) may include education and training, vocational education services, and related services to participants under title II. In addition, such services may include services for offenders, veterans, and other individuals whom the Governor determines require special assistance.

"(2) LIMITATIONS ON EXPENDITURES.—(A) Not more than 20 percent of the funds allocated under this section may be expended for activities at the State and local levels described in subsection (a)(3).

"(B) At least 80 percent of the funds allocated under this section shall be expended to carry out the Federal share of activities conducted pursuant to paragraphs (1) and (2) of subsection (a). For the purpose of this subparagraph, the Federal share shall be the amount provided for in the agreements in subsection (b).

"(C) Not less than 75 percent of the funds allocated for activities under paragraphs (1) and (2) of subsection (a) shall be expended for activities for economically disadvantaged individuals who experience other barriers to employment. Priority for those funds not expended for the economically disadvantaged shall be given to title III participants and those with other barriers to employment.

"(e) DISTRIBUTION OF FUNDS IN ABSENCE OF AGREEMENT.—If no agreement is reached pursuant to subsection (b) on the use of funds under this section, the Governor shall notify the Secretary and shall distribute the funds to service delivery areas in accordance with sections 201(b)(2) and 272(b(2), for purposes of section 123(a)(1), (2), and (3).

"(f) REPORTS AND RECORDS.—

"(1) REPORTS BY GOVERNORS.—The Governor shall report to the Secretary at such intervals as shall be determined by the Secretary on the activities funded under this section. The report shall include such information as the Secretary may require to determine the extent to which the activities supported under this section result in achieving the goals specified in paragraphs (1) and (2) of subsection (c).

"(2) RECORDS AND REPORTS OF RECIPIENTS.—Each recipient, subrecipient, or grantee under this part shall keep records that are sufficient to permit the preparation of reports. Such reports shall be submitted to the Secretary, at such intervals as shall be determined by the Secretary.".

SEC. 17. ADDITIONAL AMENDMENTS TO PART B OF TITLE I.

(a) REPEAL.—Section 124 of the Act is repealed.

(b) IDENTIFICATION OF ADDITIONAL IMPOSED REQUIREMENTS.—Part B of title I of the Act is amended by inserting after section 123 the following new section:

"IDENTIFICATION OF ADDITIONAL IMPOSED REQUIREMENTS

"SEC. 124. The imposition of any State or service delivery area rule, regulation, policy, or performance standard relating to the administration and operation of programs funded by this Act (including those based on State or service delivery area interpretation of any Federal law, regulation, or guideline) shall be identified by the State or service delivery area as a State or service delivery area imposed requirement.".

(c) STATE LABOR MARKET INFORMATION PROGRAMS.—Section 125(a) of the Act is amended—

(1) by striking "and" at the end of paragraph (4);

(2) by striking the period at the end of paragraph (5) and inserting "; and"; and

(3) by adding at the end thereof the following new paragraph:

"(6) provide training and technical assistance to support comprehensive career guidance and participant outcome activities for local programs assisted under this Act.".

SEC. 18. AMENDMENTS TO PART C OF TITLE I.

(a) RELOCATION.—Section 141(c) of the Act is amended to read as follows:

"(c) No funds shall be used or proposed for use to encourage, induce, or assist in the relocation of establishments, or parts thereof. If such violation is alleged, the Secretary shall determine, in consultation with appropriate businesses, governmen-

tal entities or public agencies, and labor organizations in all locations affected, whether a violation has occurred.".

(b) CHARGING OF COSTS.—Section 141(d)(3) of the Act is amended—

(1) by inserting "(A)" after the paragraph (3) designation; and

(2) by inserting the following new subparagraphs:

"(B) Tuition charges for training or education provided by an institution of higher education (as that term is defined in section 1201(a) of the Higher Education Act of 1965) or a proprietary institution of higher education (as defined in section 481(b) of such Act), which are not more than the charges for such training or education made available to the general public, do not require a breakdown of cost components.

"(C) Funds provided from the allocation to a service delivery area for any fiscal year, which are expended by any community-based organization for the cost of administering services under part A or C of title II, shall not be subject to the limitation contained in section 108(b)(4)(A) if such funds are expended pursuant to an agreement under which not less than 90 percent of the funds provided to the community-based organization are to be expended for the costs of direct training and training-related and supportive services, and if the service delivery area is in compliance with the requirement under section 108(b)(4)(B) for such fiscal year.".

(c) PLACEMENT.—Section 141(d) of the Act is amended by adding at the end thereof the following new paragraph:

"(4) Placements made in unsubsidized employment shall be, to the extent practicable, in job areas related to the training provided to the participant.".

(d) SERVICE DELIVERY AREA AGREEMENTS.—Section 141(e) of the Act is amended—

(1) by inserting "(1)" after "(e)"; and

(2) by adding at the end thereof the following new paragraph:

"(2) Any service delivery area (including a service delivery area which is a city or county within the same labor market) may enter into an agreement or contract with another service delivery area to pay or share the cost of educating, training, or placing individuals participating in programs assisted under this Act, including the provision of supportive services. Such agreement shall be approved by each private industry council providing guidance to the service delivery area and shall be described in the job training plan under section 104 of this Act.".

(e) ON-THE-JOB TRAINING.—Section 141(g) of the Act is amended—

(1) by inserting "(1)" after "(g)"; and

(2) by adding at the end the following new paragraphs:

"(2) On-the-job training authorized under the Act shall be limited in duration to a period not in excess of that generally required for acquisition of skills needed for the position within a particular occupation, but in no event shall exceed 6 months. In making this determination, consideration shall be given to recognized reference material (such as the Dictionary of Occupational Titles), the content of the participant's training, the participant's prior work experience, and the participant's service strategy.

"(3)(A) Each on-the-job training contract shall—

"(i) specify the types and duration of on-the-job training to be developed and other services to be provided in sufficient detail to allow for a fair analysis of the reasonableness of proposed costs; and

"(ii) comply with the applicable requirements of section 164.

"(B) Each on-the-job training contract that is not directly contracted by a service delivery area with an employer (but instead is contracted through an intermediary brokering contractor) shall, in addition to meeting the requirements of subparagraph (A), specify the outreach, recruitment, participant training, counseling, placement, monitoring, followup, and other services to be provided directly by the brokering contractor within its own organization, the services to be provided by the employers conducting the on-the-job training, and the services to be provided, with or without cost, by other agencies and subcontractors.

"(C) Whenever a brokering contractor enters into a contract with a subcontractor to provide training or other services, the brokering contractor shall ensure, through on-site monitoring, compliance with subcontract terms prior to making payment to the subcontractor.

"(4) In accordance with regulations issued by the Secretary, on-the-job training contracts under this Act shall not be entered into with employers who have received payments under previous contracts and have exhibited a pattern of failing to provide individuals, who have previously participated in on-the-job training, with continued long-term employment as regular employees with wages and employment benefits (including health benefits) and working conditions at the same level and to the same extent as other employees working a similar length of time and doing the same type of work.".

(f) DISPOSAL OF ASSETS.—Section 141(k) of the Act is amended to read as follows:

"(k) The Federal requirements governing the title, use, and disposition of real property, equipment, and supplies purchased with funds provided under this Act shall be the Federal requirements generally applicable to Federal grants to States and local governments.".

(g) PROGRAM INCOME.—Section 141(m) of the Act is amended to read as follows:

"(m)(1) Income under any program administered by a public or private nonprofit entity may be retained by such entity only if used to continue to carry out that program, and may be used for such purposes notwithstanding the expiration of financial assistance for that program.

"(2) Income subject to the requirements of paragraph (1) shall include—

"(A) receipts from goods or services (including conferences) provided as a result of activities funded under the Act;

"(B) funds provided to a service provider under the Act which are in excess of the costs associated with the services provided; and

"(C) except as provided by the Cash Management Improvement Act of 1990, interest income earned on funds received under this Act.

"(3) For the purposes of this subsection, each entity shall maintain records sufficient to determine the amount of income received and the purposes for which such income is expended.".

(h) CROSS REFERENCE.—Section 141(p) of the Act is amended by striking "part B of the title or part A of title II" and inserting in lieu thereof "parts A and C of title II".

(i) ADDITIONAL REQUIREMENTS.—Section 141 of the Act is further amended by adding at the end the following new subsection:

"(q) No funds available under this Act shall be used for activities to induce, encourage, or assist relocations resulting in loss of employment at the previous existing location. No funds available under this Act shall be used for employment generating activities, economic development activities, revolving loan funds, capitalization of businesses, contract bidding resource centers, and similar activities that do not result in the direct creation of jobs into which participants in programs under this Act are placed. No funds under title II or III of this Act shall be used for foreign travel.".

(j) CONCURRENCE.—Section 143(b)(2) of the Act is amended—

(1) by striking ", except that no program" and inserting in lieu thereof ". No program"; and

(2) by striking all that follows "undertake" and inserting in lieu thereof "without the written concurrence of the employer and the labor organization with respect to any elements of the proposed activities which affect such agreement, unless either such party fails to respond to written notification requesting its concurrence within 30 days of receipt thereof.".

(k) NONDELEGATION.—Section 144(c) of the Act is amended by inserting at the end thereof the following new sentence: "The Secretary shall not delegate the responsibilities under this section to any other governmental entity.".

SEC. 19. BENEFITS.

Section 142(a) of the Act is amended by adding at the end the following new paragraph:

"(4) References in paragraphs (2) and (3) to section 6(a)(1) of the Fair Labor Standards Act:

"(A) shall be deemed to be references to section 6(c) of that Act for individuals in Puerto Rico,

"(B) shall be deemed to be references to 6(a)(3) of that Act for individuals in American Samoa, and

"(C) shall not be applicable for individuals in other territorial jurisdictions in which section 6 of the Fair Labor Standards Act does not apply.".

SEC. 20. FISCAL CONTROLS; SANCTIONS.

(a) ADVANCE PAYMENT.—Section 162 of the Act is amended by adding at the end the following new subsection:

"(f) When contracting with nonprofit organizations of demonstrated effectiveness, States, substate areas, and service delivery areas may make advance payments, provided that such payments are based on the financial need of such organization and are not in excess of 20 percent of the total contract amount.".

(b) FISCAL CONTROLS.—Section 164(a) of the Act is amended to read as follows:

"SEC. 164. (a)(1) Each State shall establish such fiscal control and fund accounting procedures as may be necessary to assure the proper disbursal of, and accounting for, Federal funds paid to the recipient under titles II and III. Such procedures shall

ensure that all financial transactions are conducted and records maintained in accordance with generally accepted accounting principles applicable in each State.

"(2) The Secretary shall prescribe regulations establishing uniform cost principles substantially equivalent to those generally applicable to recipients of Federal grants funds. At a minimum, such standards shall provide that, to be allowable, costs must—

"(A) be necessary and reasonable for proper and efficient administration of the program under this Act;

"(B) be allocable to the program under this Act; and

"(C) not be a general expense required to carry out the overall responsibilities of State, local, or federally recognized Indian tribal governments except as specifically provided by this Act.

"(3) The Secretary shall prescribe regulations establishing uniform procurement standards to ensure fiscal accountability and prevent fraud and abuse in programs administered under this Act. In prescribing such standards, the Secretary shall consult with the Inspector General of the Department of Labor and take into consideration the relevant circulars prescribed by the Director of the Office of Management and Budget. Such standards shall, at a minimum, include provisions to ensure that, for States, substate areas, and service delivery areas—

"(A) procurements shall be conducted in a manner providing full and open competition;

"(B) the use of sole source procurements shall be minimized to the extent practicable, but in every case shall be justified;

"(C) procurements shall include an appropriate analysis of the reasonableness of costs and prices;

"(D) procurements shall not provide excess program income (for nonprofit and governmental entities) or excess profit (for private for-profit entities), and that appropriate factors shall be utilized in determining whether such income or profit is excessive, such as—

"(i) the complexity of the work to be performed,

"(ii) the risk borne by the contractor, and

"(iii) market conditions in the surrounding geographical area;

"(E) procurements shall clearly specify deliverables and the basis for payment;

"(F) written procedures shall be established for procurement transactions;

"(G) no grantee, contractor, subgrantee, or subcontractor shall engage in any conflict of interest, actual or apparent, in the selection, award, or administration of a contract or grant under this Act;

"(H) all grantees and subgrantees shall conduct oversight to ensure compliance with procurement standards; and

"(I) procurement transactions between units of State or local governments, and any other entities organized principally as the administrative entity for service delivery areas, shall be conducted on a cost reimbursable basis.

"(4) The Governor shall annually conduct on-site monitoring of each service delivery area and substate area within the State to ensure compliance with the procurement standards established pursuant to paragraph (3).

"(5) If the Governor determines that a service delivery area or substate area is not in compliance with the procurement standards established pursuant to paragraph (3), the Governor shall—

"(A) require corrective action to secure prompt compliance; and

"(B) impose the sanctions provided under subsection (b) in the event of failure to take the required corrective action.

"(6) The Governor shall biennially certify to the Secretary that—

"(A) the State has implemented the procurement standards established under paragraph (3);

"(B) the State has monitored substate areas and service delivery areas to ensure compliance with the procurement standards established pursuant to paragraph (3); and

"(C) the State has taken appropriate action to secure compliance pursuant to paragraph (5).

"(7) If the Secretary determines that the Governor has not fulfilled the requirements of this subsection, the Secretary shall—

"(A) require corrective action to secure prompt compliance; and

"(B) impose the sanctions provided under subsection (f) in the event of failure of the Governor to take the required corrective action.

"(8) The Secretary shall review the implementation of the provisions of this section, and shall submit a report to the Congress, not later than October 1, 1994, eval-

uating the effectiveness of such provisions in ensuring fiscal accountability and containing such recommendations as the Secretary deems appropriate.".

(c) CONSEQUENCES OF FAILURES.—Section 164(b) of the Act is amended to read as follows:

"(b)(1) Whenever, as a result of financial and compliance audits or otherwise, the Governor determines that there is a substantial violation of a specific provision of this Act or the regulations, and corrective action has not been taken, the Governor shall—

"(A) issue a notice of intent to revoke approval of all or part of the plan affected, or

"(B) impose a reorganization plan, which may include—

"(i) restructuring the private industry council,

"(ii) prohibiting the use of designated service providers,

"(iii) selecting an alternative entity to administer the program for the service delivery area,

"(iv) merging the service delivery area into 1 or more other existing service delivery areas, or

"(v) other such changes as the Secretary or Governor deems necessary to secure compliance.

"(2)(A) The actions taken by the Governor pursuant to paragraph (1)(A) may be appealed to the Secretary under the same terms and conditions as the disapproval of the plan and shall not become effective until—

"(i) the time for appeal has expired, or

"(ii) the Secretary has issued a decision.

"(B) The actions taken by the Governor pursuant to paragraph (1)(B) may be appealed to the Secretary, who shall make a final decision within 60 days of the receipt of the appeal.

"(3) If the Governor fails to promptly take the actions required under paragraph (1), the Secretary shall take such actions.".

SEC. 21. REPORTS, RECORDKEEPING, AND INVESTIGATIONS.

(a) STANDARDIZED RECORDS.—Section 165(a) of the Act is amended by adding at the end the following new paragraphs:

"(3) In order to allow for the preparation of national estimates necessary to meet the requirements of subsection (c), recipients shall maintain standardized records for all individual participants and provide to the Secretary a sufficient number of such records to provide an adequate random sample.

"(4)(A) Except as provided in subparagraph (B), records maintained by recipients pursuant to this subsection shall be made available to the public upon request.

"(B) Subparagraph (A) shall not apply to—

"(i) information, the disclosure of which would constitute a clearly unwarranted invasion of personal privacy; and

"(ii) trade secrets and commercial or financial information obtained from a person and privileged or confidential.

"(C) Recipients may charge fees sufficient to recover costs applicable to the processing of requests for records under subparagraph (A).".

(b) MONITORING GUIDES.—Section 165(b) is amended by adding the following new paragraph:

"(3) In carrying out any audit under this Act (other than any initial audit survey or any audit investigating possible criminal or fraudulent conduct), either directly or through grant or contract, the Secretary, the Inspector General, or the Comptroller General shall furnish to the State, administrative entity, recipient, or other entity to be audited, advance notification of the overall objectives and purposes of the audit, and any extensive recordkeeping or data requirements to be met, not less than 15 working days (or as soon as practicable), prior to the commencement of the audit. If the scope, objectives, or purposes of the audit shall change substantially during the course of the audit, the entity being audited shall be notified thereof, as soon as practicable. The reports on the results of such audits shall cite the law, regulation, policy, or other criteria applicable to any finding. Nothing contained in this Act shall be construed so as to be inconsistent with the Inspector General Act of 1978 or government auditing standards issued by the Comptroller General.".

(c) MONITORING OF SERVICE PROVIDERS.—Section 165(c) of the Act is amended to read as follows:

"(c) Each State, each administrative entity designated under title I, and each recipient (other than a subrecipient, grantee or contractor of a recipient) receiving funds under this Act shall—

"(1) make readily accessible reports concerning its operations and expenditures as shall be prescribed by the Secretary;

"(2) prescribe and maintain comparable management information systems, in accordance with guidelines that shall be prescribed by the Secretary, designed to facilitate the uniform compilation, cross tabulation, and analysis of programmatic, participant, and financial data, on statewide and service delivery area bases, necessary for reporting, monitoring, and evaluating purposes, including data necessary to comply with section 167; and

"(3) monitor the performance of service providers in complying with the terms of agreements made pursuant to this Act.".

(d) REPORT INFORMATION; RECORD RETENTION.—Section 165 of the Act is further amended by adding the following new subsections:

"(d)(1) The reports required in subsection (c) shall include (but not be limited to) information in such form as to permit cross-tabulation pertaining to—

"(A) the relevant demographic characteristics (including race or ethnicity, sex, or age) and other related information about enrollees and participants;

"(B) the activities in which participants are enrolled, and the length of time that participants are engaged in such activities;

"(C) program outcomes, including occupations, for participants;

"(D) specified program costs; and

"(E) information necessary to prepare reports to comply with section 167 of this Act.

"(2) The Secretary shall ensure that all elements of the information required for the reports described in paragraph (1) are defined and reported uniformly.

"(e) The Governor shall ensure that requirements are established for retention of all records pertinent to all grants, contracts, and agreements, including financial, statistical, property and participant records and supporting documentation. For funds allotted to a State for any program year, records shall be retained for two years following the date on which the annual expenditure report containing the final expenditures charged to such program year's allotment is submitted to the Secretary. Records for nonexpendable property shall be retained for a period of three years after final disposition of the property.

"(f) Quarterly financial reports shall be required by the Secretary. Records shall be maintained to show all program costs by cost category in accordance with generally accepted accounting principles by year of appropriation. Any program income or profits earned by subrecipient shall be separately identified on the records maintained. Costs incurred (such as stand-in costs) that are otherwise allowable except for funding limitation shall also be separately identified.

"(g) The Secretary shall issue final regulations implementing section 167 of this Act within 90 days of the enactment of the Job Training Reform Amendments.".

(e) DISCRIMINATION.—Section 167 of the Act is amended by adding at the end the following new subsection:

"(e)(1) The head of the office of the Department of Labor referred to as the 'Directorate for Civil Rights' shall annually prepare a report on the administration and enforcement of this section.

"(2) The report required by paragraph (1) shall include—

"(A) an identification of the service delivery areas and States that have been determined, during the preceding program year, not to be in compliance with this section;

"(B) for each such identification, the date on which the inquiry was begun and whether the inquiry was initiated on the basis of a complaint or at the Department's initiative;

"(C) an identification of the service delivery areas and States awaiting findings by the Directorate;

"(D) the number of service delivery areas and States that, during the preceding year, were determined not to be in compliance with this section, and the number for which insufficient data prevented the making of such a determination, identifying the type of data which is missing or inadequate;

"(E) a statistical summary, broken down by race, sex, national origin, disability, or age, of the number of inquiries undertaken and their outcomes;

"(F) an identification of any service delivery area or State that has been determined, during the preceding year, to have failed to conduct objective assessments as required by sections 204 and 274 on a nondiscriminatory basis;

"(G) the amount expended by the Department for the administration and enforcement by the Directorate of this section, and the number and percentage of full-time employees, and the full-time equivalent of the part-time employees, engaged in such administration and enforcement;

"(H) the number of onsite visits conducted each year, and whether the visits were initiated by the Department or by complaint;

"(I) the number of cases referred to the Attorney General, and for such cases—

"(i) the civil actions taken by the Attorney General thereon; and

"(ii) the Secretary's use of the authority of title VI of the Civil Rights Act of 1964, the Age Discrimination Act of 1975, or section 504 of the Rehabilitation Act of 1973; and

"(J) a description of any other actions taken by the Secretary under or related to the administration and enforcement of this section.

"(3) The report required by this subsection shall be submitted to the Congress as part of the Secretary's annual report under section 169(d).

"(f) In addition to any other sums authorized to be appropriated, there are authorized to be appropriated for the operations and expenses of the Directorate such sums as may be necessary for the purpose of increasing the number of full time equivalent personnel available to the Directorate in order to comply with the requirements of this section.".

SEC. 22. REVISION OF TITLE II.

Title II of the Act is amended to read as follows:

"TITLE II—TRAINING SERVICES FOR THE DISADVANTAGED

"PART A—ADULT PROGRAM

"SEC. 201. STATEMENT OF PURPOSE.

"It is the purpose of this part to establish programs to prepare adults for participation in the labor force by increasing their occupational and educational skills with the result of improving their long-term employability, increasing their employment and earnings, and reducing their welfare dependency.

"SEC. 202. ALLOTMENT AND ALLOCATION.

"(a) TERRITORIAL ALLOTMENT.—Not more than one-quarter of one percent of the amount appropriated pursuant to section 3(a)(1) for each fiscal year and available for this part shall be allotted among Guam, the Virgin Islands, American Samoa, the Freely Associated States, the Republic of Palau and the Commonwealth of the Northern Mariana Islands.

"(b) GENERAL STATE AND SDA ALLOTMENTS.—

"(1) RESERVATION.—After determining the amounts to be allotted under subsection (a), 81 percent of the remainder shall be allotted by the Secretary to the States for allocation to service delivery areas within each State. Each State shall allocate to the service delivery areas within the State such amounts as determined by the Secretary pursuant to the formula contained in paragraph (2). The remaining 19 percent shall be allotted in accordance with subsection (c).

"(2) FORMULA.—Subject to the provisions of paragraph (3), of the amounts allotted to service delivery areas for this part for each fiscal year—

"(A) 33⅓ percent shall be allotted on the basis of the relative number of unemployed individuals residing in areas of substantial unemployment within each service delivery area as compared to the total number of such unemployed individuals in all service delivery areas in all States;

"(B) 33⅓ percent shall be allotted on the basis of the relative excess number of unemployed individuals within each service delivery area as compared to the total excess number of unemployed individuals in all service delivery areas in all States; and

"(C) 33⅓ percent shall be allotted on the basis of the relative number of economically disadvantaged adults within each service delivery area as compared to the total number of economically disadvantaged adults in all service delivery areas in all States, except that for any service delivery area described in section 101(a)(4)(A)(iii), the allotment shall be based on the higher of the number of adults in families with an income below the low-income level in such area or the number of economically disadvantaged individuals in such area.

"(3) LIMITATIONS ON FORMULA.—(A) No service delivery area shall be allotted less than 90 percent of its allotment percentage for the fiscal year preceding the fiscal year for which the determination is made.

"(B) No service delivery area shall be allotted more than 130 percent of its allotment percentage for the fiscal year preceding the fiscal year for which the determination is made.

"(C) Notwithstanding subparagraphs (A) and (B), the total allotment for all service delivery areas within any one State shall not be less than one-quarter of 1 percent of the total allotted to all service delivery areas in all States.

"(D) For purposes of subparagraphs (A) and (B), the allotment percentage for fiscal year 1993 shall be the percentage of funds allotted under part A of title II to the service delivery area during the preceding fiscal year.

"(4) DEFINITIONS AND DETERMINATIONS.—For the purposes of this section—

"(A) the term 'economically disadvantaged adult' means an individual who is age 22 or older and who has, or is a member of a family which has, received a total family income which, in relation to family size, was not in excess of the higher of (A) the poverty income guidelines promulgated each year by the Secretary of Health and Human Services, or (B) 70 percent of the lower living standard income level;

"(B) the Secretary shall, as appropriate and to the extent practicable, exclude college students and members of the Armed Forces from the determination of the number of economically disadvantaged adults and the size of the adult population in a service delivery area; and

"(C) the term 'excess number' means the number which represents the number of unemployed individuals in excess of 4.5 percent of the civilian labor force in the service delivery area, or the number which represents the number of unemployed individuals in excess of 4.5 percent of the civilian labor force in areas of substantial unemployment in such service delivery area.

"(c) SPECIAL ALLOTMENTS.—

"(1) DIVISION OF REMAINDER.—Of the remaining 19 percent of funds available for allotment under this part—

"(A) 5 percent shall be allotted to the States in accordance with paragraph (2) to carry out the overall administration, management, and auditing activities relating to programs under this title and for activities under sections 121 and 122;

"(B) 6 percent shall be allotted to the States in accordance with paragraph (2), to provide incentive grants authorized under section 106(b)(8), which the States in turn shall allot in accordance with paragraphs (3) and (4); and

"(C) 8 percent shall be allotted to the States in accordance with paragraph (2) to carry out section 123.

"(2) FORMULA FOR ALLOTMENT.—The allotments to each State described in paragraph (1) shall be based on the relative amount of funds allocated to all service delivery areas within such State under subsection (b) as compared to the amount of funds allocated to all service delivery areas in all States under subsection (b).

"(3) INCENTIVE GRANTS ALLOTMENT.—The amount reserved under paragraph (1)(B) shall be used by the Governor to provide incentive grants for service delivery areas that exceed applicable performance standards and other measures described under section 106(b)(8). The incentive grants made under paragraph (1)(B) shall be distributed so that not less than ¾ of the funds used for incentive grants are distributed to eligible service delivery areas within the State on an equitable basis, taking into account the extent by which they exceed the requirements of section 106(b)(8) and the size of the eligible population, and the remainder shall be distributed on an equitable basis.

"(4) OTHER USES.—The Governor may use up to ⅓ of the amount allotted under paragraph (1)(B) for capacity building and technical assistance to service delivery areas and service providers. Such use of funds may include the development and training of service delivery areas and service provider staff and the development of exemplary program activities.

"SEC. 203. ELIGIBILITY FOR SERVICES.

"(a) IN GENERAL.—Except as provided in subsection (c), an individual shall be eligible to participate in the program under this part only if such individual is—

"(1) 22 years of age or older; and

"(2) economically disadvantaged.

"(b) TARGETED GROUPS.—Not less than 60 percent of the participants in the program under this part in each service delivery area shall be individuals who, in addi-

tion to meeting requirements of subsection (a), are included in one or more of the following categories:

"(1) basic skills deficient;
"(2) school dropouts;
"(3) recipients of cash welfare payments;
"(4) offenders;
"(5) individuals with disabilities; or
"(6) homeless.

"(c) EXCEPTIONS.—Not more than 10 percent of participants in the program under this part in each service delivery area may be individuals who are not economically disadvantaged if such individuals are age 22 or older and are either included in one of the categories listed in subsection (b) or experience other barriers to employment. Such individuals may include, but are not limited to, those who have limited English language proficiency, or are displaced homemakers, older workers, veterans, alcoholics, or drug addicts.

"(d) SERVICES FOR OLDER INDIVIDUALS.—

"(1) GENERAL REQUIREMENTS.—(A) Each service delivery area shall make special efforts to identify and serve eligible individuals 55 years of age or older. Not less than 8 percent of the funds allocated to each service delivery area under this part shall be expended to provide services to such individuals.

"(B) If the Governor determines that in any program year a service delivery area obligated less than 8 percent of the funds allocated under this part to provide services to eligible individuals 55 years of age or older, the Governor—

"(i) shall recapture, from the funds available to the service delivery area under this part during the subsequent program year, an amount equal to the difference between the amount obligated for such purposes and 8 percent of the amount allocated to the service delivery area under this part in such program year; and

"(ii)(I) shall reallocate, for purposes of providing services to eligible individuals 55 years of age or older, the amount recaptured pursuant to clause (i) to other service delivery areas within the State, which have obligated their funding, in such manner as the Governor deems appropriate, taking into consideration such factors as demonstrated need and the quality of services provided to such individuals by the service delivery areas; or

"(II) shall contract with a different service provider of demonstrated effectiveness to provide services within the service delivery area from which funds have been recaptured, in order to continue to make services available to eligible individuals in the service delivery area.

"(2) COORDINATION.—In providing the services required by paragraph (1), the State job training coordinating council and the service delivery area shall make efforts to coordinate the delivery of such services with the delivery of services pursuant to title V of the Older Americans Act of 1965.

"(3) SERVICE PROVIDER SELECTION.—(A) In the selection of service providers to serve older individuals, the service delivery area shall give priority to those national, State, and local agencies and organizations that have a record of demonstrated effectiveness in providing training and employment services to such older individuals.

"(B) Those service delivery areas within a State that choose to utilize the services of area agencies on aging or organizations of demonstrated effectiveness in providing services, including recruitment and placement, to older individuals, may combine funds under this subsection to contract with such area agencies or organizations for the provision of such services among the service delivery areas.

"SEC. 204. PROGRAM DESIGN.

"(a) ESSENTIAL ELEMENTS.—

"(1) IN GENERAL.—The program under this part shall include—

"(A) an objective assessment of each participant's skill levels and service needs, which shall include a review of basic skills, occupational skills, prior work experience, employability, interests, aptitudes (including interests and aptitudes for nontraditional jobs), and supportive service needs, except that a new assessment of a participant is not required if the program determines it is appropriate to use a recent assessment of the participant conducted pursuant to another education or training program (such as the JOBS program), and such assessments shall comply with the requirements of section 167;

"(B) development of service strategies which shall identify the employment goal (including, where appropriate, nontraditional employment), appropriate achievement objectives, and appropriate services for participants taking into account the assessments conducted pursuant to paragraph (1), except that a new service strategy is not required if the program determines it is appropriate to use a recent service strategy developed for the participant under another education or training program (such as the JOBS program);

"(C) a review of each participant's progress in meeting the objectives of the service strategy; and

"(D) the following services, which shall be provided either directly or through arrangement with other programs to a participant where the assessment and the service strategy indicate such services are appropriate:

"(i) basic skills training;

"(ii) occupational skills training; and

"(iii) supportive services.

"(2) ADDITIONAL REQUIREMENTS.—(A) Each service delivery area shall ensure that each participant or applicant who meets the minimum income eligibility criteria be provided—

"(i) information on the full array of applicable or appropriate services that are available through the service delivery area or other service providers, including, but not limited to, those receiving funds under this Act, and

"(ii) referral to appropriate training and educational programs that have the capacity to serve the applicant either on a sequential or concurrent basis.

"(B)(i) Each service provider shall ensure that an eligible applicant who does not meet the enrollment requirements of its particular program or who cannot be served shall be referred to the service delivery area for further assessment, as necessary, and referral to appropriate programs to meet the applicant's basic skills and training needs.

"(ii) The service delivery area shall ensure that appropriate referrals are made pursuant to this subparagraph, and shall maintain appropriate records of such referrals and the basis for such referrals.

"(b) AUTHORIZED SERVICES.—Services which may be made available to participants under this title may include, but need not be limited to—

"(1) direct training services, including—

"(A) basic skills training, including remedial education, literacy training, and English-as-a-second-language instruction;

"(B) institutional skills training;

"(C) on-the-job training;

"(D) assessment of participants' skill levels and service needs;

"(E) counseling, such as job counseling and career counseling;

"(F) case management services;

"(G) education-to-work transition activities;

"(H) programs which combine workplace training with related instruction;

"(I) work experience;

"(J) programs of advanced career training which provide a formal combination of on-the-job and institutional training and internship assignments which prepare individuals for career employment;

"(K) training programs operated by the private sector, including those operated by labor organizations or by consortia of private sector employers utilizing private sector facilities, equipment, and personnel to train workers in occupations for which demand exceeds supply;

"(L) skill upgrading and retraining;

"(M) bilingual training;

"(N) entrepreneurial training, such as training activities for microenterprises;

"(O) vocational exploration;

"(P) training programs to develop work habits to help individuals obtain and retain employment;

"(Q) attainment of certificates of high school equivalency;

"(R) preapprenticeship programs;

"(S) on-site, industry-specific training programs supportive of industrial and economic development;

"(T) customized training conducted with a commitment by an employer or group of employers to employ an individual upon successful completion of that training; and

"(U) use of advanced learning technology for education, job preparation and skills training; and

"(2) training-related and supportive services, including—

"(A) job search assistance;

"(B) outreach to make individuals aware of, and encourage the use of, employment and training services, including efforts to expand awareness of training and placement opportunities for the limited English proficient and individuals with disabilities;

"(C) specialized surveys not available through other labor market information sources;

"(D) disseminating information on program activities to employers;

"(E) development of job openings;

"(F) coordinated programs with other Federal employment-related activities;

"(G) supportive services, as defined in section 4(24) of this Act, necessary to enable individuals to participate in the program, and to assist them, for a period not to exceed 12 months following completion of training, to retain employment;

"(H) needs-based payments and financial assistance;

"(I) follow-up services with participants placed in unsubsidized employment; and

"(J) obtaining job placements for participants.

"(c) DESIGN OF SERVICES.—

"(1) BASIC SKILLS TRAINING.—Basic skills training authorized under this part shall, where appropriate, have a workplace context and be integrated with occupational skills training.

"(2) ADDITIONAL SERVICES IN CONJUNCTION WITH SKILLS TRAINING.—(A) Except as provided in subparagraph (B), job search assistance, job search skills training, job clubs, and work experience authorized under this part shall be accompanied by other services designed to increase a participant's basic education or occupational skills.

"(B) The program under this part may provide job search assistance, job search skills training, and job club activities to a participant without the additional services described in subparagraph (A) only if—

"(i) the participant's assessment and service strategy indicate that the additional services are not appropriate; and

"(ii) the activities are not available to the participant through the Employment Service or other public agencies.

"(3) LIMITATION ON ON-THE-JOB TRAINING.—In each service delivery area, the ratio of participants in on-the-job training assisted under this part in the public sector to participants in such training in the private sector shall not exceed the ratio between civilian governmental employment and nongovernmental employment in such area.

"(4) NEEDS-BASED PAYMENTS.—Needs-based payments and financial assistance authorized under this part shall be limited to payments necessary to participation in the program under this part in accordance with a locally developed formula or procedure.

"(5) COUNSELING AND SUPPORTIVE SERVICES.—Counseling and supportive services authorized under this part may be provided to a participant for a period up to one year after termination from the program.

"(6) NONCONTRACT TREATMENT.—The service strategy developed pursuant to section 204(a)(2) shall not be considered a contract.

"(7) VOLUNTEERS.—The service delivery area shall make opportunities available for successful alumni of programs under this part to volunteer assistance to participants in the form of mentoring, tutoring, and other activities.

"SEC. 205. LINKAGES.

"(a) PROGRAM LINKAGES.—In conducting the program under this part, the service delivery area shall establish appropriate linkages with other programs authorized under Federal law. Such programs shall include, where feasible, programs assisted under—

"(1) the Adult Education Act;

"(2) the Carl D. Perkins Vocational and Applied Technology Education Act;

"(3) the Rehabilitation Act of 1973;

"(4) the Wagner-Peyser Act;
"(5) part F of title IV of Social Security Act (JOBS);
"(6) the Food Stamp Act;
"(7) the National Apprenticeship Act;
"(8) the Stewart B. McKinney Homeless Assistance Act;
"(9) the United States Housing Act;
"(10) the National Literacy Act of 1991;
"(11) the Head Start Act (for purposes of child care services); and
"(12) any other provisions of this Act.

"(b) OTHER LINKAGES.—In addition to the linkages required under subsection (a), service delivery areas shall establish other appropriate linkages to enhance the provision of services under this part. Such linkages may be established with State and local educational agencies, local service agencies, public housing agencies, community organizations, business and labor organizations, volunteer groups working with disadvantaged adults, and other training, education, employment, economic development and social service programs.

"SEC. 206. TRANSFER OF FUNDS.

"A service delivery area may transfer up to 10 percent of the funds provided under this part to the program under part C of this title if such transfer is—
"(1) described in the job training plan; and
"(2) approved by the Governor.

"PART B—SUMMER YOUTH EMPLOYMENT AND TRAINING PROGRAMS

"SEC. 251. PURPOSE.

"The purpose of programs assisted under this part is—
"(1) to enhance the basic educational skills of youth;
"(2) to encourage school completion, or enrollment in supplementary or alternative school programs; and
"(3) to provide eligible youth with exposure to the world of work.

"SEC. 252. ALLOTMENT AND ALLOCATION.

"(a) TERRITORIAL AND NATIVE AMERICAN ALLOCATION.—From the funds appropriated under section 3(a)(2), the Secretary shall first allocate to Guam, the Virgin Islands, American Samoa, the Freely Associated States and the Republic of Palau, the Commonwealth of the Northern Marianas, and entities eligible under section 401 the same percentage of funds as were available to such areas and entities for the summer youth program in the fiscal year preceding the fiscal year for which the determination is made.

"(b) USE OF PART C FORMULA FOR ALLOTMENT AND ALLOCATION.—The remainder of sums appropriated pursuant to section 3(a)(2) shall be allotted among States and allocated among service delivery areas in accordance with section 272(b).

"SEC. 253. USE OF FUNDS.

"(a) IN GENERAL.—Funds available under this part may be used for—
"(1) basic and remedial education, institutional and on-the-job training, work experience programs, employment counseling, occupational training, preparation for work, outreach and enrollment activities, employability assessment, job referral and placement, job search and job club activities, activities described in section 275(b), and any other employment or job training activity designed to give employment to eligible individuals or prepare them for, and place them in, employment;
"(2) supportive services necessary to enable such individuals to participate in the program; and
"(3) administrative costs, not to exceed 15 percent of the funds available under this part.

"(b)(1) BASIC AND REMEDIAL EDUCATION.—A service delivery area shall expend funds (from this Act or otherwise available to the service delivery area, or both) for basic and remedial education as described in the job training plan under section 104.

"(2) The funds for basic and remedial education or training described in paragraph (1) may be provided by—
"(A) the year-round program under this part;
"(B) the Job Corps;
"(C) the JOBS program;

"(D) alternative or secondary schools; or

"(E) other education and training programs.

"(c) ASSESSMENT.—Each participant under this part shall be provided with an objective assessment of basic skills and supportive services, which may include a review of occupational skills, prior work experience, employability, interests, and aptitudes, except that such assessment, or factor thereof, is not required if the program uses recent assessments conducted pursuant to another education or training program (such as the JOBS program or high school academic records). It shall be the responsibility of the service delivery area to develop a service strategy for participants which may identify achievement objectives, appropriate employment goals, and appropriate services for participants, taking into account the assessments conducted under this subsection or under other education or training programs.

"(d) FOLLOWUP SERVICES.—Followup services shall be made available for participants for whom a service strategy is developed in accordance with this section.

"SEC. 254. LIMITATIONS.

"(a) USE DURING SUMMER MONTHS OR EQUIVALENT VACATION PERIOD.—Programs under this part shall be conducted during the summer months, except that a service delivery area may, within the jurisdiction of any local educational agency that operates its schools on a year-round, full-time basis, offer the programs under this part to participants during a vacation period treated as the equivalent of a summer vacation.

"(b) CONCURRENT ENROLLMENT.—(1) An eligible individual participating in a program assisted under this part may concurrently be enrolled in programs under part C of this title. Appropriate adjustment to the youth performance standards (attainment of competencies) under section 106(b)(3) of this Act shall be made to reflect the limited period of participation.

"(2) Youth being served in this part or in the part C youth program do not need to be terminated from participation in one program in order to enroll in the other. The Secretary shall provide guidance to service delivery areas on simplified procedures for concurrent enrollment and transfers for youth from one program to the other.

"(c) ELIGIBLE YOUTH.—The individuals who are eligible to participate in programs under this part are individuals who are economically disadvantaged and aged 14 through 21.

"SEC. 255. APPLICABLE PROVISIONS.

"(a) COMPARABLE FUNCTIONS OF AGENCIES AND OFFICIALS.—Private industry councils established under title I, chief elected officials, State job training coordinating councils, and Governors shall have the same authority, duties, and responsibilities with respect to planning and administration of funds available under this part as private industry councils, chief elected officials, State job training coordinating councils, and Governors have for funds available under parts A and C of title II.

"(b) PROGRAM GOALS AND OBJECTIVES.—In accordance with the provisions of subsection (a), each service delivery area shall establish written program goals and objectives which shall be used for evaluating the effectiveness of programs conducted under this part. Such goals and objectives may include—

"(1) improvement in school retention and completion;

"(2) improvement in academic performance, including mathematics and reading comprehension;

"(3) improvement in employability skills; and

"(4) demonstrated coordination with other community service organizations such as local educational agencies, law enforcement agencies, and drug and alcohol abuse prevention and treatment programs.

"PART C—YOUTH PROGRAM

"SEC. 271. STATEMENT OF PURPOSE.

"The purpose of the programs assisted under this part is to—

"(1) improve the long-term employability of youth;

"(2) enhance the educational and occupational skills of youth;

"(3) encourage school completion or enrollment in alternative school programs;

"(4) increase the employment and earnings of youth;

"(5) reduce welfare dependency; and

"(6) assist youth in addressing problems which impair their ability to make successful transitions from school to work, apprenticeship, the military, or postsecondary education and training.

"SEC. 272. ALLOTMENT.

"(a) TERRITORIES.—Not more than one quarter of one percent of the amount appropriated pursuant to section 3(b) for each fiscal year and available for this part shall be allotted among Guam, the Virgin Islands, American Samoa, the Freely Associated States and the Republic of Palau, and the Commonwealth of the Northern Mariana Islands.

"(b) GENERAL STATE AND SDA ALLOTMENT.—

"(1) RESERVATION.—After determining the amounts to be allotted under subsection (a), 81 percent of the remainder shall be allotted by the Secretary to the States for allocation to service delivery areas within each State. Each State shall allocate to the service delivery areas within the State such amounts as determined by the Secretary pursuant to the formula contained in paragraph (2). The remaining 19 percent shall be allotted in accordance with subsection (c).

"(2) FORMULA.—Subject to the provisions of paragraph (3), of the amounts allotted by the Secretary for this part for each fiscal year—

"(A) 33⅓ percent shall be allotted on the basis of the relative number of unemployed individuals residing in areas of substantial unemployment within each service delivery area as compared to the total number of such unemployed individuals in all service delivery areas in all States;

"(B) 33⅓ percent shall be allotted on the basis of the relative excess number of unemployed individuals within each service delivery area as compared to the total excess number of unemployed individuals in all service delivery areas in all States; and

"(C) 33⅓ percent shall be allotted on the basis of the relative number of economically disadvantaged youth within each service delivery area as compared to the total number of economically disadvantaged youth in all service delivery areas in all States except that, for the allotment for any service delivery area described in section 101(a)(4)(A)(iii), the allotment shall be based on the higher of the number of youth in families with an income below the low-income level in such area or the number of economically disadvantaged individuals in such area.

"(3) LIMITATIONS.—(A) No service delivery area shall be allotted less than 90 percent of its allotment percentage for the fiscal year preceding the fiscal year for which the determination is made.

"(B) No service delivery area shall be allotted more than 130 percent of its allotment percentage for the fiscal year preceding the fiscal year for which the determination is made.

"(C) Notwithstanding subparagraphs (A) and (B), the total allotment for all service delivery areas within any one State shall not be less than one-quarter of 1 percent of the total allotted to all service delivery areas in all States.

"(D) For the purposes of subparagraphs (A) and (B), the allotment percentage for fiscal year 1993 is the percent of the funds allocated for youth programs (as determined by the Secretary) under title II to the service delivery area during the preceding fiscal year.

"(4) DEFINITIONS AND DETERMINATIONS.—For the purposes of this section—

"(A) the term 'economically disadvantaged youth' means an individual who is aged 16 through 21 and who has, or is a member of a family which has, received a total family income which, in relation to family size, was not in excess of the higher of (i) the poverty income guidelines promulgated each year by the Secretary of Health and Human Services, or (ii) 70 percent of the lower living standard income level;

"(B) the term 'excess number' means the number which represents the number of unemployed individuals in excess of 4.5 percent of the civilian labor force in the service delivery area, or the number which represents the number of unemployed individuals in excess of 4.5 percent of the civilian labor force in areas of substantial unemployment in such service delivery area; and

"(C) the Secretary shall, as appropriate and to the extent practicable, exclude college students and members of the armed forces from the determination of the number of economically disadvantaged youth and the size of the youth population in a service delivery area.

"(c) SPECIAL ALLOTMENTS.—

"(1) DIVISION OF REMAINDER.—Of the remaining 19 percent of funds available for allotment under this part—

"(A) 5 percent shall be allotted to the States in accordance with paragraph (2) to carry out the overall administration, management, and audit-

ing activities relating to programs under this title and for activities under sections 121 and 122;

"(B) 6 percent shall be allotted to the States in accordance with paragraph (2) to provide incentive grants authorized under section 106(b)(8), and the State shall, in turn, allot these grants in accordance with paragraph (3); and

"(C) 8 percent shall be allotted by the States in accordance with paragraph (2) to carry out section 123.

"(2) FORMULA FOR ALLOTMENT.—The allotments to each State described in paragraph (1) shall be based on the relative amount of funds allocated to all service delivery areas within such State under subsection (b) as compared to the amount of funds allocated to all service delivery areas in all States under subsection (b).

"(3) INCENTIVE GRANT ALLOTMENT.—The amount reserved under paragraph (1)(B) shall be used by the Governor to provide incentive grants for service delivery areas that exceed applicable performance standards and other measures described under section 106(b)(8). The incentive grants made under this subparagraph shall be distributed so that not less than ¾ of the funds used for incentive grants are distributed to eligible service delivery areas within the State on an equitable basis, taking into account the extent by which they exceed requirements of section 106(b)(8) and the size of the eligible population, and the remainder shall be distributed on an equitable basis.

"(4) OTHER USES.—The Governor may use up to ⅓ of the amount allotted under paragraph (1)(B) for capacity building and technical assistance to service delivery area and service providers. Such use of funds may include the development and training of service delivery area and service provider staff and the development of exemplary program activities.

"SEC. 273. ELIGIBILITY FOR SERVICES.

"(a) IN-SCHOOL YOUTH.—An individual who is in school shall be eligible to participate in the program under this part only if such individual is—

"(1) aged 16 through 21 or, if provided in the job training plan, aged 14 through 21; and

"(2) economically disadvantaged, or participates in a compensatory education programs under chapter 1 of the Elementary and Secondary Education Act of 1965.

"(b) TARGETED GROUPS OF IN-SCHOOL YOUTH.—Not less than 60 percent of the in-school individuals who participate in a program under this part shall be individuals who, in addition to meeting the requirements of subsection (a), are included in one or more of the following categories:

"(1) basic skills deficient;

"(2) educational attainment that is one or more grade levels below the grade level appropriate to that individual's age;

"(3) pregnant or parenting;

"(4) individuals with disabilities, including a learning disability;

"(5) homeless or run-away youth; or

"(6) offender.

"(c) OUT-OF-SCHOOL YOUTH.—An individual who is out of school shall be eligible to participate in the program under this part only if such individual is—

"(1) aged 16 through 21; and

"(2) economically disadvantaged;

"(d) TARGETED GROUPS OF OUT-OF-SCHOOL YOUTH.—Not less then 60 percent of the out-of-school individuals who participate in a program under this part shall be individuals who, in addition to meeting the requirements of subsection (c), are included in one or more of the following categories:

"(1) basic skills deficient;

"(2) school dropouts (subject to the conditions described in section 274(d)(2));

"(3) pregnant or parenting;

"(4) individuals with disabilities, including a learning disability;

"(5) homeless or run-away youth; or

"(6) offenders.

"(e) EXCEPTIONS.—Not more than 10 percent of participants in the program under this part in each service delivery area may be individuals who do not meet the requirements of subsection (a)(2) or (c)(2) if such individuals experience one or more barriers to employment. Such barriers may include, but need not be limited to, the categories described in subsections (b) and (d), or categories such as limited English language proficiency, alcoholics, or drug addicts.

"(f) RATIO OF OUT-OF-SCHOOL TO IN-SCHOOL YOUTH.—

"(1) IN GENERAL.—Except as provided for in paragraphs (2) and (3), not less than 60 percent of the participants in the program under this part in each service delivery area shall be out-of-school individuals who meet the requirements of subsections (c), (d), or (e).

"(2) EXCEPTION.—The minimum percentage of participants in a service delivery area required to be out-of-school individuals pursuant to paragraph (1) may be reduced to a percentage that is not less than 40 percent if, in accordance with guidelines established by the Secretary—

"(A) a service delivery area conducting a program under this part submits a request to the Governor specifying an alternative percentage requirement and such request is justified by a dropout rate of less than 10 percent for the youth population in the service delivery area, and

"(B) the Governor approves the request submitted pursuant to subparagraph (A) and includes a description of the requests approved, and basis for such approval in the Governor's coordination and special services plan.

"(3) COUNTING OF IN-SCHOOL INDIVIDUALS.—In-school individuals served as a part of a schoolwide project in subsection (g) shall not be counted as a part of the ratio of in-school individuals to out-of-school individuals.

"(g) SCHOOL-WIDE PROJECTS FOR LOW-INCOME SCHOOLS.—

"(1) IN GENERAL.—In addition to the individuals described in subsection (e), an individual who does not meet the requirements of subsection (a)(2) may participate in the program assisted under this part if such individual is enrolled in a public school—

"(A) which is located in a poverty area;

"(B) served by a local educational agency which is eligible for assistance under chapter 1 of title I of the Elementary and Secondary Education Act of 1965;

"(C) in which not less than 75 percent of the students enrolled are included in the categories described in subsection (b); and

"(D) which conducts a program pursuant to a cooperative arrangement which meets the requirements of section 275(d).

"(2) DEFINITION.—For the purposes of paragraph (1), the term 'poverty area' means an urban census tract or a nonmetropolitan county with a poverty rate of 30 percent or more as determined by the Bureau of the Census.

"SEC. 274. PROGRAM DESIGN.

"(a) YEAR-ROUND OPERATION.—The program under this part shall be conducted and services shall be made available during the year or on a multiyear basis as appropriate.

"(b) ESSENTIAL ELEMENTS.—

"(1) IN GENERAL.—The program under this part shall include—

"(A) an objective assessment of each participant's skill levels and service needs, which shall include a review of basic skills, occupational skills, prior work experience, employability, interests, aptitudes (including interests and aptitudes for nontraditional jobs), and supportive service needs, except that a new assessment of a participant is not required where the program determines it is appropriate to use a recent assessment of the participant conducted pursuant to another education or training program (such as the JOBS program);

"(B) development of service strategies which shall identify achievement objectives, appropriate employment goals (including, where appropriate, nontraditional employment), and appropriate services for participants taking into account the assessments conducted pursuant to paragraph (1), except that a new service strategy is not required where the program determines it is appropriate to use a recent service strategy developed for the participant under another education or training program (such as the JOBS program);

"(C) a review of each participant's progress in meeting the objectives of the service strategy; and

"(D) the following services, which shall be provided either directly or through arrangement with other programs to a participant where the assessment and service strategy indicate such services are appropriate:

"(i) basic skills training;

"(ii) occupational skills training;

"(iii) preemployment and work maturity skills training;

"(iv) work experience combined with skills training; and

"(v) supportive services.

"(2) ADDITIONAL REQUIREMENTS.—(A) Each service delivery area shall ensure that each participant or applicant who meets the minimum income eligibility criteria be provided:

"(i) information on the full array of applicable or appropriate services that are available through the service delivery area or other service providers, including, but not limited to, those receiving funds under this Act, and

"(ii) referral to other appropriate training and educational programs that have the capacity to serve the applicant either on a sequential or concurrent basis.

"(B)(i) Each service provider shall ensure that an eligible applicant who does not meet the enrollment requirements of its particular program or who cannot be served shall be referred to the service delivery area for further assessment, as necessary, and referral to appropriate programs to meet the applicant's basic skills and training needs.

"(ii) The service delivery area shall ensure that appropriate referrals are made pursuant to this subparagraph, and shall maintain appropriate records of such referrals and the basis for such referral.

"(c) AUTHORIZED SERVICES.—Services which may be made available to youth with funds provided under this part may include, but need not be limited to—

"(1) direct training services, including:

"(A) the services described in section 204(b)(1);

"(B) tutoring and study skills training;

"(C) alternative high schools services that meet the requirements of section 141(o)(1);

"(D) instruction leading to high school completion or its equivalent;

"(E) mentoring;

"(F) limited internships in the private sector;

"(G) training or education that is combined with community and youth service opportunities in public agencies, nonprofit agencies, and other appropriate agencies, institutions, and organizations;

"(H) entry employment experience programs;

"(I) school-to-work transition services;

"(J) school-to-postsecondary education transition services;

"(K) school-to-apprenticeship transition services; and

"(L) preemployment and work maturity skills training; and

"(2) training-related and supportive services, including:

"(A) the services described in section 204(b)(2);

"(B) drug and alcohol abuse counseling and referral;

"(C) services encouraging parental, spousal, and other significant adult involvement in the participant's program;

"(D) cash incentives and bonuses based on attendance and performance in a program.

"(d) ADDITIONAL REQUIREMENTS.—

"(1) STRATEGIES AND SERVICES.—In developing service strategies and designing services for the program under this part, the service delivery area and private industry council shall take into consideration exemplary program strategies and practices.

"(2) ENROLLMENT REQUIREMENTS.—Each service delivery area shall make available, concurrently or sequentially, at least 2 or more of the following options to enable an individual who is under the age of 18 and is a school dropout, as a part of such individual's training:

"(A) to reenroll in and attend school;

"(B) to enroll in and attend an alternative high school;

"(C) to enroll in and attend an alternative course of study approved by the local educational agency; or

"(D) to enroll in and attend a high school equivalency program.

"(3) SKILLS TRAINING.—(A) Preemployment and work maturity skills training authorized by this part shall be accompanied by either work experience or other additional services designed to increase a participant's basic or occupational skills. The additional services may be provided, sequentially or concurrently, under other education and training programs, including the Job Corps and the JOBS program.

"(B) Work experience, job search assistance, job search skills training, and job club activities authorized by this part shall be accompanied by additional services designed to increase a participant's basic education or occupational skills. The additional services may be provided, sequentially or concurrently, under

other education and training programs, including the Job Corps and the JOBS program.

"(4) NEEDS-BASED PAYMENTS.—Needs-based payments authorized under this part shall be limited to payments necessary to participate in the program in accordance with a locally developed formula or procedure.

"(5) COUNSELING AND SUPPORTIVE SERVICES.—Counseling and supportive services authorized under this part may be provided to a participant for a period of up to one year after termination from the program.

"(6) NONCONTRACT TREATMENT.—The service strategy developed pursuant to section 274(b)(1)(B) shall not be considered a contract.

"(7) VOLUNTEERS.—The service delivery area shall make opportunities available for successful alumni of programs under this part to volunteer assistance to participants in the form of mentoring, tutoring and other activities.

"SEC. 275. LINKAGES.

"(a) EDUCATIONAL LINKAGES.—In conducting a program under this part, service delivery areas shall establish linkages with the appropriate educational agencies responsible for service to participants. Such linkages shall include but are not limited to—

"(1) formal agreements with local educational agencies that will identify—

"(A) the procedures for referring and serving in-school youth;

"(B) the methods of assessment of in-school youth; and

"(C) procedures for notifying the program when a youth drops out of the school system;

"(2) arrangements to ensure that the program under this part supplements existing programs provided by local educational agencies to in-school youth;

"(3) arrangements to ensure that the program under this part utilizes, to the extent possible, existing services provided by local educational agencies to out-of-school youth;

"(4) arrangements to ensure that for in-school participants there is a regular exchange of information between the program and the educational agency relating to participant progress, problems and needs, including, where appropriate, interim assessment results.

"(b) EDUCATION AND TRAINING PROGRAM LINKAGES.—In conducting the program under this part, the service delivery area shall establish appropriate linkages with other education and training programs authorized under Federal law. Such programs shall include, where feasible, programs authorized by—

"(1) part B of title IV of this Act (the Job Corps);

"(2) parts A through D of chapter 1 of the Elementary and Secondary Education Act of 1965;

"(3) the Carl D. Perkins Vocational and Applied Technology Education Act;

"(4) the Individuals with Disabilities Education Act;

"(5) the Wagner-Peyser Act;

"(6) part F of title IV of the Social Security Act (JOBS);

"(7) the Food Stamp Act;

"(8) the National Apprenticeship Act;

"(9) the Stewart B. McKinney Homeless Assistance Act;

"(10) the National Literacy Act of 1991; and

"(11) any other provisions of this Act.

"(c) OTHER PROGRAMS.—In addition to the linkages required under subsections (a) and (b), service delivery areas shall establish other appropriate linkages to enhance the provision of services under this part. Such linkages may be established with State and local service agencies, public housing agencies, community organizations, business and labor organizations, volunteer groups working with at-risk youth, parents and family members, juvenile justice systems, and other training, education, employment and social service programs, including programs conducted under part A of title II.

"(d) SCHOOLWIDE PROJECTS FOR LOW-INCOME SCHOOLS.—In conducting a program serving individuals specified in section 273(g), the service delivery area shall establish a cooperative arrangement with the appropriate local educational agency which shall, in addition to the other requirements of this section, include—

"(1) a description of how the program will supplement the educational program of the school;

"(2) identification of measurable goals to be achieved by the program and provision for assessing the extent to which such goals are met;

"(3) a description of how the program will use resources provided under this part and resources provided under other education programs to achieve the goals identified in paragraph (2);

"(4) a description of the number of individuals to be served; and

"(5) assurances that the resources provided under this part shall be used to supplement and not supplant existing sources of funds.

"SEC. 276. TRANSFER OF FUNDS.

"A service delivery area may transfer up to 10 percent of the funds provided under this part to the program under part A of this title if such transfer is—

"(1) described in the job training plan; and

"(2) approved by the Governor.".

SEC. 23. EMPLOYMENT AND TRAINING ASSISTANCE FOR DISLOCATED WORKERS.

(a) USE OF FUNDS.—Section 314(f) of the Act is amended by—

(1) inserting "(1)" after "(f)"; and

(2) adding at the end the following new paragraph:

"(2) An eligible dislocated worker participating in training (except for on-the-job training) pursuant to this title shall be deemed to be in training with the approval of the State agency for purposes of any other provisions in law.".

(b) DEMONSTRATION PROGRAMS.—Section 324(a) of the Act is amended by striking "1989, 1990, and 1991," and inserting "1991 through 1996,".

(c) UNOBLIGATED FUNDS.—Section 303 of the Act is amended—

(1) by striking the heading and inserting in lieu thereof "RECAPTURE AND REALLOTMENT OF FUNDS UNDER TITLE III PROGRAMS";

(2) by striking "unexpended" each place it appears in subsection 303(b) and inserting in lieu thereof "unobligated";

(3) by inserting "and obligation" after "expenditure" in subsection (d); and

(4) in subsection (e), by striking "has expended" and inserting in lieu thereof "has obligated".

(d) USE OF FUNDS.—(1) Section 315(a)(1) of the Act is amended to read as follows:

"SEC. 315. (a)(1) Of the funds allocated to a substate grantee under part A of this title for any program year, not less than 50 percent shall be expended for retraining services specified under section 314(d).".

(2) Section 315(b) of the Act is amended to read as follows:

"(b) Of the funds allocated to a substate grantee or to the Governor under part A of this title for any program year, not more than 25 percent may be expended to provide needs-related payments and other supportive services.".

(3) The first sentence of section 315(c) of the Act is amended to read as follows: "Of the funds allocated to a substate grantee or to the Governor under part A of this title for any program year, not more than 15 percent may be expended to cover the administrative cost of programs under this title.

(4) Section 315 of the Act is further amended by inserting at the end thereof the following new subsection:

"(d) Substate grantees within a State may combine funds under this title for the provision of services to eligible dislocated workers from 2 or more substate areas.".

SEC. 24. NATIVE AMERICAN AND MIGRANT PROGRAMS.

(a) NATIVE AMERICAN PROGRAMS.—Section 401 of the Act is amended by adding at the end thereof the following new subsection:

"(k)(1) The Secretary shall designate a single organizational unit which shall have as its primary responsibility the administration of all Native American programs authorized under this Act.

"(2) Such organizational unit shall—

"(A) be accountable for administering the provisions of all Native American programs authorized under this Act, including the monitoring of such programs and making recommendations regarding the selection of all recipients of financial assistance;

"(B) be accountable for the development of all policies and procedures related to the implementation of such programs; and

"(C) coordinate the development of policy and procedures for all employment and training programs within the Department relating to services for Native American workers.

"(3) In the hiring and promotion of all professional staff for the organizational unit designated under paragraph (1), special consideration shall be given to individuals who have field experience in the daily operation of service and training programs for Native Americans, and individuals who are Indians or Native Alaskans. The Secretary shall take such additional actions as may be necessary to promote the

recruitment and promotion of Indians, Native Alaskans, and Native Hawaiians to positions in such unit.".

(b) CLARIFICATION.—Section 401(f) of the Act is amended by inserting before the period at the end thereof the following: ", such as activities described in section 499(b)".

(c) CONFORMING AMENDMENT.—Section 401(j) of the Act is amended—

(1) by inserting "and part C" after "part A", and

(2) by inserting before the period at the end thereof the following: ", in addition to any other amounts made available from appropriations for purposes of this section".

(d) PERMANENT ADVISORY COUNCIL.—Section 401 of the Act is amended by inserting at the end thereof the following new subsection:

"(l)(1) There is hereby established a Native American Employment and Training Council (hereinafter in this subsection referred to as the 'Council') which shall consist of not less than 17 Indians, Native Alaskans, and Native Hawaiians appointed by the Secretary from among individuals nominated by Indian tribes or Indian, Native Alaskan, or Native Hawaiian organizations. The Council's membership shall represent all geographic areas of the United States with a substantial Indian, Native Alaskan, or Native Hawaiian population and shall include representatives of tribal governments and of nonreservation Native American organizations who are service providers under this Act. A majority of the members of the Council shall have field experience in the daily operation of the program authorized under this section.

"(2) The Council shall be chaired by a Council member elected by a majority of the Council's membership. The Council shall meet not less than twice each program year.

"(3) Members of the Native American Programs Advisory Committee which existed before the enactment of this subsection—

"(A) shall serve as members of the Council until successors are appointed; and

"(B) may be appointed as members of the new Council, if such appointment is consistent with the provisions of this subsection.

"(4) The term of office for members of the Council shall be 2 years, except that—

"(A) the Secretary shall designate one-half of the initial appointments of members of the Council for terms of 1 year;

"(B) any vacancy shall be filled in the same manner as the original appointment;

"(C) any member appointed to such a vacancy shall serve for the remainder of the term for which his or her predecessor was appointed; and

"(D) members may be reappointed.

"(5) The membership of the Council shall be appointed by the beginning of program year 1992.

"(6) The Council shall—

"(A) solicit the views of a wide variety of tribes and Native American groups, including those operating employment and training programs funded under this section, on issues affecting the operation and administration of such programs;

"(B) advise the Secretary with respect to all matters concerning the implementation of programs under this section and other programs providing services to Native American youth and adults under this Act;

"(C) advise and make recommendations to the Secretary with respect to the design and implementation of performance standards developed under subsection (h) of this section;

"(D) advise and make recommendations to the Secretary with respect to any services obtained or to be obtained by the department through contracts or arrangements with non-Federal agencies or entities which involve the program authorized by this section;

"(E) evaluate the effectiveness of Native American job training programs and make recommendations with respect to the improvement of such programs;

"(F) advise the Secretary with respect to individuals to be considered to fill the position of the official in charge of the organizational unit designated under subsection (k)(1) whenever a vacancy in such position occurs; and

"(G) submit a report directly to the Secretary and to the Congress no later than January 1 of each even numbered year on the progress of Native American job training programs and making recommendations for improving their administration and effectiveness.

"(7) Members of the Council shall serve without compensation but shall be entitled to reimbursement for their expenses in the performance of their duties. The

Secretary shall provide the Council with such administrative support as may be necessary to the performance of its functions.".

(e) COMPETITION FOR SECTION 402 GRANTS.—Section 402 of the Act is amended by adding at the end thereof the following new subsection:

"(f) Procedures for awarding grants under this section shall be consistent with the standard competitive procurement procedures. The competition for grants under this section shall be conducted every 2 years, except that when a grantee has performed satisfactorily under the terms of an existing grant agreement, the Secretary may waive the requirement for such competition upon receipt from the grantee of a satisfactory 2-year program plan for the succeeding 2-year grant period.".

(f) CONFORMING AMENDMENT.—Section 402(f) of the Act is amended—

(1) by inserting "and part C" after "part A", and

(2) by inserting before the period at the end thereof the following: ", in addition to any other amounts made available from appropriations for purposes of this section".

(f) GRANT PROCEDURES.—Part A of title IV of the Act is amended by adding at the end the following new section:

"GRANT PROCEDURES

"SEC. 403. Grants under sections 401 and 402 shall be subject to the Single Audit Act and charging of costs shall be subject to appropriate circulars issued by the Office of Management and Budget, including Circulars A-87, A-102, A-110, and A-122.".

SEC. 25. JOB CORPS.

(a) ELIGIBILITY.—Section 423(1) of the Act is amended by—

(1) inserting after "except that", the words "not more than 20 percent of the individuals enrolled may be from age 22 through 24, and that any".

(b) CLARIFICATION OF AUTHORITY TO TRANSFER PARTICIPANTS TO AND FROM PROGRAMS UNDER TITLE II.—Section 426 of the Act is amended by adding at the end thereof the following new subsection:

"(d) Nothing in this Act shall be construed to prohibit an individual who has been a participant in the Job Corps from concurrently or subsequently participating in programs under title II of this Act, or to prohibit an individual who has been a participant in programs under title II of this Act from concurrently or subsequently participating in the Job Corps.".

(c) NONRESIDENTIAL PARTICIPANTS.—Section 427(a)(2) of the Act is amended by—

(1) striking "10 percent" and inserting "20 percent"; and

(2) adding at the end of paragraph (2) the following new sentences: "In enrolling individuals who are to be nonresidential participants, priority shall be given to those eligible individuals who are single parents with dependent children. The Secretary shall not reduce the number of residential participants in Job Corps programs under this part during any program year below the number of residential participants during program year 1991 in order to increase the number of individuals who are nonresidential participants in the Job Corps.".

(d) CONSERVATION CENTERS.—Section 427 of the Act is amended by adding at the end thereof the following new subsection:

"(d) No funds appropriated to the Department of Labor for any fiscal year may be used to execute or carry out any contract with a nongovernmental entity to administer or manage a Civilian Conservation Center of the Job Corps on public land.".

(e) ADDITIONAL SUPPORT SERVICES REQUIRED.—Section 428 of the Act is amended by adding at the end thereof the following new subsections:

"(e) The Secretary shall, to the extent practicable, provide child care at or near Job Corps centers, for individuals who require child care for their children in order to participate in the Job Corps.

"(f) Each Job Corps center shall provide to enrollees who are dependent on, or who have a history of abuse of, alcohol or drugs with counseling and referral to related services necessary to prevent the continuance or recurrence of such dependency or abuse.".

(f) MANAGEMENT FEES.—Section 437 of the Act is amended by adding at the end thereof the following new subsection:

"(d) The Secretary shall provide all Job Corps contractors with an equitable and negotiated management fee of not less than one percent of the contract amount.".

SEC. 26. AMENDMENTS TO PART D OF TITLE IV: NATIONAL ACTIVITIES.

Section 455 of the Act is amended by striking subsection (b) and inserting in lieu thereof the following:

"(b)(1) The Secretary shall provide guidance and technical assistance to States and service delivery areas relating to the documentation required to verify the eligibility of participants under parts A, B, and C of title II of this Act as amended by the Job Training Reform Amendments, particularly those participants in the target groups listed in sections 203(a) and 273 (b) and (d). Such documentation shall, to the extent practicable, be uniform and standard.

"(2) The guidance provided pursuant to paragraph (1), while maintaining program integrity, shall—

"(A) limit the documentation burden to the minimum necessary to adequately verify eligibility, and

"(B) ensure, to the extent practicable, that the documentation requirements shall not discourage the participation of eligible individuals.

"(3) The guidance provided pursuant to paragraph (1) shall specifically address income eligibility, assessment, the determination of additional barriers to employment (in sections 203(b) and 273 (b) and (d)), and specific uniform or standardized documentation or procedures (including simplified standardized forms, automated intake procedures, self-certification documents) and other documentation proxies (such as JOBS and Job Corps eligibility forms).

"(4) The guidance described in paragraph (1) shall be provided not later than July 1, 1992.".

SEC. 27. UNIFORM REQUIREMENTS.

(a) REPORTING; TRAINING NETWORK.—Part D of title IV of the Act is amended by adding at the end the following new sections:

"SEC. 456. UNIFORM REPORTING REQUIREMENTS.

"(a) FINDING.—The Congress finds that closer coordination and more effective use of resources among a variety of employment and training programs can be facilitated if these programs have common data elements and definitions.

"(b) DATA ELEMENTS.—The Secretaries of Labor, Education, and Health and Human Services, in consultation with other appropriate departments, shall identify a core set of consistently defined data elements for employment and training programs, including (but not limited to) those funded under titles II, III, and IV of this Act, the Wagner-Peyser Act, the Carl D. Perkins Vocational Education Act, title II of the Family Support Act, and title V of the Older Americans Act.

"(c) REPORT.—The Secretary shall report to the Congress no later than January 1, 1994, listing recommended data elements and their definitions, and containing an analysis of the benefits of their adoption.

"(d) CONSULTATION.—The Secretary shall consult with experts and practitioners at the Federal, State, and local levels, in the various program areas, in fulfilling the requirements of this subsection. The Secretary shall also consult with the United States General Accounting Office in fulfilling the requirements of this section.

"SEC. 457. TRAINING NETWORK.

"(a) ESTABLISHMENT.—The Secretary shall establish a Capacity Building and Information and Dissemination Network (hereafter referred to as the 'Network') to enhance the effectiveness of and to strengthen the caliber of services provided through the various Federal, State, and local employment and training programs including programs not authorized under this Act. To initiate and maintain this Network, the Secretary may, on a competitive basis, award a grant or contract to a single entity, or coordinate a system of entities with current and specialized employment and training expertise. The Secretary shall ensure that such Network develops a national strategy—

"(1) to coordinate and support the development of, and (where necessary) develop, and provide appropriate training, technical assistance, staff development, and other activities which will—

"(A) enhance the skills, knowledge, and expertise of the personnel who staff employment and training and other closely related human service systems, including service providers;

"(B) improve the quality of services provided to individuals served under the Act and other Federal employment and training programs and encourage integrated service delivery under multiple Federal statutes using, where possible, interactive communication systems and cross trained teams;

"(C) improve the planning, procurement, and contracting practices pursuant to this Act; and

"(D) provide broad human services policy and planning training to private industry council volunteers and members of State human investment coordinating councils;

"(2) to prepare and disseminate staff training, curricula, and materials, including software, for employment and training professionals and support staff which focus on enhancing staff competencies and professionalism, including instruction on the administrative requirements of this Act, such as procurement and contracting standards and regulations; and

"(3) to disseminate innovative and successful models, materials, methods, and program information using computer-based technologies for organizing the data base and dissemination and communication system, and provide training in the techniques learned from those sources to foster improved program quality and professional growth among managers, service delivery providers, and administrators involved in the delivery of employment and training services.

"(b) CHARGES.—The training Network established pursuant to subsection (a) may charge appropriate tuition or fees to offset the costs of institute training, materials acquisition, or information dissemination.

"(c) ASSISTANCE.—The Secretary shall provide guidance, technical assistance, and direction to the Network to ensure that it responds to employment and training staff needs, furnishes high quality training and materials, meets program objectives without duplication, and encourages the use of the latest computer-based technologies for training and program management.

"(d) DISSEMINATION.—(1) The Secretary is authorized to establish a Clearinghouse within the Network to regularly identify, develop, and disseminate innovative materials and successful program models which enhance the knowledge and quality of performance of employment and training personnel and which will—

"(A) facilitate effective communications and coordination among employment and training personnel;

"(B) establish a computer-based communications and dissemination network to share information among employment and training personnel and institutions;

"(C) establish linkages with existing human resources clearinghouses, including (but not limited to) the Education Research Information Centers and the National Network for Curriculum Coordination in Vocational and Technical Education; and

"(D) identify and disseminate, using the techniques of subsection (b), innovative material and successful program models which enhance the knowledge and quality of performance of employment and training personnel and thus improve the services provided to program participants.

"(2) In selecting such successful program models, consideration shall be given to—

"(A) the size and scope of the program;

"(B) the length of time that the program has been operating;

"(C) the nature and reliability of measurable outcomes for the program;

"(D) the capacity of the sponsoring organization to provide the technical assistance necessary for States and service delivery areas to replicate the program; and

"(E) the likelihood that the program will be successful in diverse economic, geographic, and cultural environments.

"(f) CONSULTATION.—The Secretary shall consult with the Secretaries of Education and Health and Human Services, as appropriate, to coordinate the activities of the Network of training clearinghouses with other relevant institutes, centers, laboratories, clearinghouses, or dissemination networks, such as the National Diffusion Network.

"(g) GOALS.—The initial goals of the Network shall include—

"(1) establish computer-based training packages for key job training professions in cooperation with service delivery areas and community-based organizations.

"(2) design and implement a dissemination network to identify at the State and community level, programs and organizations with exemplary systems and practices applied to the delivery of job training services;

"(3) design and implement computer-based systems and networks to provide access and retrieval for job training organizations and professionals to—

"(A) relevant training, technical assistance, and knowledge development materials; and

"(B) inventories of training and technical assistance providers and services;

"(4) develop training and staff development programs in cooperation with existing providers and offer them, at a minimum, in each Federal region, which programs may include training for case managers, job developers, assessment specialists, and program managers; and

"(5) enhance and broaden the content and user base for information systems and networks.

SEC. 28. AMENDMENTS TO PART E OF TITLE IV: LABOR MARKET INFORMATION.

(a) COOPERATIVE LABOR MARKET INFORMATION.—Section 462 of the Act is amended by adding at the end thereof the following new subsection:

"(g)(1) The Bureau of Labor Statistics shall engage in research, demonstration, or other activities, including those which might be carried out by States, designed to determine the feasibility of various methods of organizing and making accessible nationwide information on the quarterly earnings, establishment and industry affiliation, and geographic location of employment for all individuals for whom such information is collected by the States, and/or to demonstrate the policy research and program evaluation applications of such information.

"(2) In cooperation with the States, the Bureau shall determine appropriate procedures for establishing and maintaining such information in a longitudinal manner and appropriate policies for making such information available for policy research or program evaluation purposes or both, while ensuring the confidentiality of information and the privacy of individuals.

"(3) The Secretary of Labor shall make a report to Congress not later than 12 months after the enactment of the Job Training Reform Amendments which shall describe the costs and benefits, including savings on program followup surveys, of such a database and the steps that have been taken and the schedule for any remaining steps necessary to implement the provisions of this section.".

(b) SPECIAL FEDERAL RESPONSIBILITIES.—Section 463 of the Act is amended—

(1) in subsection (a), by inserting "the Secretary of Health and Human Services," after "the Secretary of Education,"; and

(2) by adding at the end thereof the following new subsection:

"(d) The Secretary, acting through the National Occupational Information Coordinating Committee, shall report to Congress no later than 24 months after the date of enactment of this subsection, and biennially thereafter, listing recommended common and complementary data elements and their definitions, containing an analysis of the benefits of their adoption and the implications for State and local purposes, and identifying plans and schedules for developing and maintaining this common core of data. The Secretary shall consult with experts and practitioners at the Federal, State, and local levels in the various program areas in fulfilling the requirements of this subsection.".

(c) NATIONAL OCCUPATIONAL INFORMATION COORDINATING COMMITTEE.—Section 464 of the Act is amended—

(1) in subsection (a)(1) by striking "more than $5,000,000 is authorized to be reserved" and inserting "less than $6,000,000 shall be available";

(2) in subsection (a)(2) by striking "for Manpower, Reserve Affairs, and Logistics" and inserting "Force Management and Personnel";

(3) in subsection (b)(2) by inserting after "give special attention to" the following: "career development and"; and

(4) in subsection (b)(5) by inserting after "any aspect of occupational and career information systems" the following: "and coordination and compatibility of human resources data systems operated by Federal agencies or the States or both, including systems to assist economic development activities and where appropriate provide support to States in the implementation of such system enhancements.".

SEC. 29. ESTABLISHMENT OF THE YOUTH OPPORTUNITY PROGRAM.

Title IV of the Act is amended by adding at the end thereof the following new part:

"PART H—YOUTH OPPORTUNITIES UNLIMITED PROGRAM

"SEC. 491. STATEMENT OF PURPOSE.

"It is the purpose of the Youth Opportunities Unlimited program to—

"(1) ensure access to education and job training assistance for youth residing in high-poverty areas of urban and rural communities;

"(2) make provisions for a comprehensive range of education, training, and employment services to disadvantaged youth who are not currently served or are underserved by Federal education and job training programs;

"(3) enable communities with high concentrations of poverty to establish and meet goals for improving the opportunities available to youth within the community; and

"(4) facilitate the coordination of comprehensive services to serve youth in such communities.

"SEC. 492. PROGRAM AUTHORIZED.

"(a) ESTABLISHMENT OF PROGRAM.—The Secretary is authorized to establish a national program of Youth Opportunities Unlimited grants to pay the Federal share of providing comprehensive services to youth living in high poverty areas in the Nation's cities and rural areas.

"(b) ELIGIBILITY FOR GRANTS.—

"(1) RECIPIENTS.—The Secretary may only award grants under this part to—

"(A) the service delivery area in which the target area is located, or

"(B) grantees designated under sections 401 and 402, or a consortium of such grantees and the State, when the target area is located in an Indian reservation, Native Alaskan Village, or migrant or seasonal worker community.

"(2) NUMBER OF GRANTS.—The Secretary may award not more than 50 grants during the first fiscal year the program is authorized.

"(c) RENEWABILITY OF GRANTS.—Grants awarded under this part shall be for a 1-year period and are renewable for each of the two succeeding fiscal years if the Secretary determines the grant recipient complied with conditions of the grant during the previous fiscal year.

"(d) FACTORS FOR AWARDS.—In awarding grants under this part, the Secretary shall consider the quality of the proposed project, the goals to be achieved, the likelihood of the project's successful implementation, the extent of community support other Federal and non-Federal funds available for similar purposes, and the new State, local, or private resources. The Secretary shall give priority to target areas with the highest rates of poverty.

"SEC. 493. APPLICATION.

"(a) ELIGIBILITY TO APPLY.—Participating communities which have the highest concentrations of poverty shall be eligible to apply for a Youth Opportunities Unlimited grant.

"(b) CONTENTS OF APPLICATION.—Each participating community desiring a grant under this part shall, through the individuals set forth in subsection (c), submit an application to the Secretary at such time in such manner and accompanied by such information as the Secretary may reasonably require. Each such application shall—

"(1) include a comprehensive plan for the Youth Opportunities Unlimited initiative designed to achieve identifiable goals for youth in the target area;

"(2) set forth measurable program goals and outcome, which may include increasing the proportion of—

"(A) youth completing high school or its equivalent,

"(B) youth entering into postsecondary institutions, apprenticeships, or other advanced training programs,

"(C) youth placed in jobs; or

"(D) eligible youth participating in education, training, and employment services;

"(3) include supporting goals for the target area such as increasing security and safety, or reducing the number of drug-related arrests;

"(4) provide assurances that the conditions set forth in section 494 will be met;

"(5) demonstrate how the participating community will make use of the resources, expertise, and commitment of institutions of higher education, educational agencies, and vocational and technical schools and institutes;

"(6) ensure that all youth in the target areas have access to a coordinated and comprehensive range of education and training opportunities which serve the broadest range of youth interests and needs and simultaneously mobilizes the diverse range of education and training providers in the participating community;

"(7) support services necessary for successful participation by eligible youths, including but not limited to child care, transportation, and assistance in resolving personal or family crises such as those related to substance abuse, homelessness, migration, and family violence;

"(8) a system of common intake, individualized assessment, and case management;

"(9) include an estimate of the expected number of youth in the target area to be served;

"(10) include a description of the resources available in the participating community from private, local government, State and Federal sources which will be used to achieve the goals of the program; and

"(11) provide evidence of support for accomplishing the stated goals of the participating community from—

"(A) local elected officials,

"(B) the local school system,

"(C) postsecondary education and training institutions;

"(D) the applicable private industry council,

"(E) local community leaders,

"(F) business,

"(G) labor organizations, and

"(H) other appropriate organizations.

"(c) SUBMISSION OF APPLICATION.—The application for funds for a participating community may only be submitted to the Secretary by—

"(1) the mayor of a city or the chief elected official in a metropolitan statistical area, after the Governor of the State has had an opportunity to comment on the application;

"(2) the chief elected official of a nonmetropolitan county or the designated chief elected official of contiguous nonmetropolitan counties, after the Governor of the State has had an opportunity to comment on the application; or

"(3) the grantee designated under sections 401 or 402, or jointly by the grantee and the Governor or the State in which such grantee is located, in applications for Native American or migrant or seasonal worker communities.

"SEC. 494. GRANT AGREEMENT.

"Each grant recipient under this part shall enter into an agreement with the Secretary. Each such agreement shall—

"(1) designate a target area that will be the focus of the demonstration project and which shall have a population of not more than 25,000, except that in the event that the population of an area from which a high school draws a substantial portion of its enrollment exceeds this limit, the target area may encompass such boundary;

"(2) contain assurances that funds provided under this part will be used to support education, training, and supportive activities selected from a set of youth program models designated by the Secretary or from alternative models described in the application and approved by the Secretary, such as—

"(A) nonresidential learning centers;

"(B) alternative schools;

"(C) combined summer remediation, work experience and work readiness training, and school-to-work/apprenticeship/post-secondary education program;

"(D) teen parent programs;

"(E) special programs administered by community colleges;

"(F) youth centers;

"(G) initiatives aimed at increased rural student enrollment in post-secondary institutions;

"(H) public-private collaborations to assure private sector employment and continued learning opportunities for youth; and

"(I) initiatives that combine community and youth service opportunities with education and training activities;

"(3) provide that funds received under this section will be used for services to youth ages 14 through 21 at the time of enrollment;

"(4) contain assurances that the local educational agency and any other educational agency which operates secondary schools in the target area shall provide such activities and resources as are necessary to achieve the educational goals specified in the application;

"(5) contain assurances that the participating community will provide such activities and local resources as are necessary to achieve the goals specified in the application;

"(6) contain assurances that the participating community shall undertake outreach and recruitment efforts in the target area to encourage, to the maximum extent possible, participation by those disadvantaged youth who are currently unserved or or underserved by education and training programs, including targeted measures specifically designed to enlist the participation of minority youth particularly males and youth under the jurisdiction of the child welfare, juvenile justice, and criminal justice systems.

"(7) provide that the participating community will carry out special efforts to establish coordination with Federal, State, or local programs that serve the target population;

"(8) provide assurances that funds provided under this part will be used only to pay the Federal share of the cost of programs and services not otherwise available in the target area and will supplement, and not supplant, funding from other local, State and Federal sources available to youth in the target area during the previous year; and

"(9) not permit funds provided under this part to be used to support paid work experience programs unless such programs are combined with other education and training activities.

"SEC. 495. JOB GUARANTEES.

"(a) PROGRAM AUTHORITY.—The Secretary shall permit a significant number of the grant recipients under this part to enter into an agreement to provide, in accordance with this section, a job guarantee program to youths meeting prior school attendance and performance standards.

"(b) GUARANTEE AGREEMENTS.—A grant recipient providing a job guarantee program shall enter into an agreement with the Secretary. Such agreement shall—

"(1) provide that the program be available to youth age 16 to 19 who undertake a commitment to continue and complete their high school education;

"(2) require the grant recipient to guarantee employment to each youth undertaking that commitment if such youth meets school attendance and performance standards for the previous school semester, as established by the Secretary in consultation with the Secretary of Education;

"(3) provide that the grant recipient will make additional services available to support the undertaking of any such youth, which shall include counseling, job development and placement, and support services (including child care and transportation);

"(4) specify the conditions under which funds provided under this part may be used to provide wage subsidies of up to 50 percent through employers, which shall—

"(A) encourage subsidies to employers who provide advanced or specialized training, or who provide a structured and integrated learning experience involving the school and employer; and

"(B) limit the duration of such subsidies to not more than 1 year;

"(5) require that the employment provided to any such youth shall not exceed 15 hours per week during the school year;

"(6) permit employment to continue through the summer following high school graduation, or until the youth reaches age 19, whichever is later; and

"(7) contain such other terms and conditions as the Secretary requires by regulation.

"(c) SELECTION OF GRANT RECIPIENTS.—In determining which grant recipients to require to enter an agreement under this section, the Secretary shall seek to target funds to areas of poverty as determined in section 498A(2).

"(d) YOUTH ELIGIBILITY.—All youth, regardless of income, residing in the eligible poverty area shall be eligible to participate in the job guarantee.

"(e) PRIVATE FUNDS.—Nothing in this section shall be construed to prohibit the grant recipient from raising funds to augment such grant if such funds are utilized under the conditions of this grant, except that such funds shall not be used for administration purposes.

"SEC. 496. PAYMENTS; FEDERAL SHARE.

"(a) PAYMENTS REQUIRED.—In any fiscal year, the amount of the grants awarded under this part shall be based on the size of the target area and the extent of the poverty in such area, and shall be of sufficient size and scope to carry out an effective program.

"(b) FEDERAL SHARE.—(1) Except as provided in paragraph (2), the Federal share for each fiscal year a grant recipient receives assistance under this Act shall be 50 percent.

"(2) The Federal share for grantees designated under sections 401 and 402 shall be 100 percent.

"(c) USE OF FEDERAL FUNDS TO MATCH.—Each grant recipient may provide not more than 35 percent of its share from Federal sources other than funds received pursuant to this part.

"SEC. 497. REPORTING.

"The Secretary is authorized to establish such reporting procedures as necessary to carry out the purposes of this part.

"SEC. 498. FEDERAL RESPONSIBILITIES.

"(a) ASSISTANCE IN IMPLEMENTATION.—The Secretary shall provide technical assistance in the implementation of this project in participating communities.

"(b) INDEPENDENT EVALUATION.—The Secretary shall provide for a thorough, independent evaluation of the activities assisted under this part. Such evaluation shall include an assessment of—

"(1) the impact on youth residing in target areas, including (but not limited to) their rates of school completion, enrollment in advanced education or training, and employment;

"(2) the extent to which participating communities fulfilled the goal of guaranteeing access to appropriate education, training, and supportive services to all eligible youth residing in target areas who seek to participate;

"(3) the effectiveness of guaranteed access to comprehensive services combined with outreach and recruitment efforts in enlisting the participation of previously unserved or underserved youth residing in target areas; and

"(4) the effectiveness of efforts to integrate service delivery in target areas, including (but not limited to) systems of common intake, assessment, and case management.

"(c) REPORT.—The Secretary shall prepare a report describing the results of the independent evaluation conducted pursuant to subsection (b).

"(d) RESERVATION OF FUNDS.—The Secretary may reserve not more than 5 percent of the amount appropriated under this part in each fiscal year to carry out the provisions of this section.

"SEC. 498A. DEFINITIONS.

"For the purposes of this part—

"(1) The term 'participating community' means a city when referring to urban areas, a nonmetropolitan county or contiguous nonmetropolitan counties, and to the section 401 or 402 grantee, or consortia of the State and section 401 or 402 grantee, when referring to Native America and migrant or seasonal worker areas.

"(2) The term 'high poverty area' means (A) an urban census tract, a nonmetropolitan county, an Indian reservation, or an Alaskan native village, with a poverty rate of 30 percent or more as determined by the Secretary based on the latest Bureau of the Census estimates, (B) a migrant or seasonal farmworker community, or (C) a unit of general local government if its ratio of the number of food stamp recipients to its population exceeds the State ratio of food stamp recipients to population by 30 percent or more.

"(3) The term 'target area' means a high poverty area or set of contiguous high poverty areas that will be the focus of the program in each participating community.".

SEC. 30. ESTABLISHMENT OF THE MICROENTERPRISE GRANTS PROGRAM.

Title IV of the Act is amended by adding at the end thereof the following new part.

"PART I—MICROENTERPRISE GRANTS PROGRAM

"SEC. 499. MICROENTERPRISE GRANTS.

"(a) PROGRAM AUTHORITY.—From the amount available to carry out this section for fiscal years 1992 through 1996, the Secretary of Labor shall make grants of not more than $500,000 per year to not more than 10 States per year to implement and enhance community-based microenterprise activities. Such grants shall be an amount adequate to assure that the activities will be of sufficient size and scope to produce substantial benefits. Such activities shall be for the benefit of persons whose annual income does not exceed 100 percent of the most recent official poverty threshold established by the Department of the Census for the relevant family size.

"(b) USE OF FUNDS.—Such funds shall be used--

"(1) to train staff in such entrepreneurial activities as business plan development, business management, resource inventory design, marketing approaches, and other activities necessary to provide effective entry level training to persons developing a microenterprise;

"(2) to provide to owners or potential owners such technical assistance (including business planning, securing funding, marketing and production of marketing materials, and other assistance as may be necessary to develop microenterprise activities); and

"(3) to provide microenterprise support (such as peer support programs and counseling).

"(c) APPLICATION AND SELECTION.—The Secretary shall award grants competitively under this section on the basis of—

"(1) State commitment as evidenced by official commitment, existing or proposed related programs and support;

"(2) evidence of ability to conduct and monitor the microenterprise programs;

"(3) evidence of linkage to private, community-based credit and technical assistance providers; and

"(4) size of the non-Federal match.

"(d) TIMING.—Not later than April 1 of any fiscal year, a State may submit to the Secretary an application. Not later than the following June 1, the Secretary shall approve not more than 10 of the applications. Not later than the following July 1, the Secretary shall authorize the applicant to begin the programs. The Secretary may consider making multiyear grants.

"(e) MATCHING REQUIREMENT.—No State shall receive a grant under this section unless the State agrees to provide, to carry out the microenterprise programs, an amount equal to 100 percent of such grant from non-Federal sources. In determining if the State has provided such a match, the Secretary shall count toward the 100 percent the following:

"(1) cash;

"(2) the value of in-kind contributions; and

"(3) letters of commitment to provide the funds.

"(f) REPORTS.—Each State receiving a grant under this section shall, for each fiscal year for which funds are received, submit to the Secretary a report which describes—

"(1) the programs that have been established and developed with such funds, including a description of the persons participating and the microenterprises they developed;

"(2) the quantitative and qualitative benefits of such programs; and

"(3) the contributions of such programs to economic self-sufficiency and economic development.

"(g) MICROENTERPRISE DEFINED.—As used in this section, the term 'microenterprise' means a commercial enterprise—

"(1) which has 5 or fewer employees, 1 or more of whom owns the enterprise; and

"(2) none of the owners of which has income exceeding 100 percent of the most recent official poverty threshold established by the Department of Commerce for the relevant family size.".

SEC. 31. ESTABLISHMENT OF A NEW PART J OF TITLE IV: DISASTER RELIEF.

Title IV of the Job Training Partnership Act is amended by inserting after section 481 (29 U.S.C. 1781) the following new part:

"PART J—DISASTER RELIEF EMPLOYMENT ASSISTANCE

"SEC. 499A. GENERAL AUTHORITY.

"(a) QUALIFICATION FOR FUNDS.—Funds available under this part shall be allocated in a timely manner by the Secretary to the Governor of any State within which is located an area which has suffered a major disaster as defined in section 102 (1) and (2) of the Disaster Relief Act of 1974 (42 U.S.C. 5122 (1) and (2)), referred in this part as the 'disaster area'.

"(b) SUBSTATE ALLOCATION.—Not less than 80 percent of the funds made available to any Governor under subsection (a) shall be allocated by the Governor to units of general local government located, in whole or in part, within such disaster areas. The remainder of such funds may be reserved by the Governor for use, in concert with State agencies, in cleanup, rescue, repair, renovation, and rebuilding associated with such major disaster.

"(c) COORDINATION—Funds made available under this part to Governors and units of general local government shall be expended in consultation with—

"(1) agencies administering programs for disaster relief provided under the Disaster Relief Act of 1974; and

"(2) the administrative entity and the private industry council under this Act in each service delivery area within which disaster employment programs will be conducted under this part.

"SEC. 499B. USE OF FUNDS.

"(a) PROJECTS RESTRICTED TO DISASTER AREAS.—Funds made available under this part to any unit of general local government—

"(1) shall be used exclusively to provide employment on projects to provide food, clothing, shelter, and other humanitarian assistance for disaster victims and on projects of demolition, cleanup, repair, renovation, and reconstruction of damaged and destroyed structures, facilities, and lands located within the disaster areas; and

"(2) may be expended through public and private agencies and organizations engaged in such projects.

"(b) ELIGIBLE PARTICIPANTS.—An individual shall be eligible to be offered disaster employment under this part if such individual is—

"(1) eligible to participate or enroll, or is a participant or enrolled, under title III of this Act, other than an individual who is actively engaged in a training program; and

"(2) unemployed as a consequence of the disaster.

"(c) LIMITATIONS ON DISASTER RELIEF EMPLOYMENT.—No individual shall be employed under this part for more than 6 months for work related to recovery from a single natural disaster.

"(d) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to protect the Federal fiscal interest in funds made available under this part.".

SEC. 32. STATE HUMAN RESOURCE INVESTMENT COUNCIL.

The Act is amended by adding the following new title at the end thereof:

"TITLE VII—ESTABLISHMENT OF STATE HUMAN RESOURCE INVESTMENT COUNCIL

"SEC. 701. STATE HUMAN RESOURCE INVESTMENT COUNCIL.

"Notwithstanding any other provision of law, each State may establish a single State human resource investment council (hereafter in this title referred to as the 'State Council') to—

"(1) review the provisions of services and the use of funds and resources under applicable Federal human resource programs and advise the Governor on methods of coordinating such provision of services and use of funds and resources consistent with the provisions of the applicable Federal human resource programs;

"(2) advise the Governor on the development and implementation of State and local standards and measures relating to applicable Federal human resource programs and coordination of such standards and measures; and

"(3) carry out the duties and functions prescribed for a State Council under the laws relating to the applicable Federal human resource programs.

"SEC. 702. MEMBERSHIP.

"Each State Council authorized by section 701 shall consist of the following members appointed by the Governor:

"(1) not less than 30 percent shall be appointed from representatives of business and industry (including agriculture, where appropriate), including individuals who are representatives of business and industry on private industry councils within the State established under section 102 of this Act;

"(2) not less than 30 percent shall be appointed from representatives of organized labor and representatives of the community-based organizations in the State;

"(3) not more than 20 percent shall consist of—

"(A) the chief administrative officer from each of the State agencies primarily responsible for administration of an applicable program; and

"(B) other members appointed from representatives of the State legislature and State agencies and organizations, such as the State educational agency, the State vocational education board, the State board of education (if not otherwise represented), the State public assistance agency, the State employment security agency, the State agency responsible for job training,

the State housing agency, the State rehabilitation agency, the special education unit of the State educational agency, the State occupational information coordinating committee, State postsecondary institutions, the State economic development agency, the State agency on aging, the State veterans' affairs agency (or its equivalent), State career guidance and counseling organizations, the State unit which administers the State vocational rehabilitation program, and any other agencies the Governor determines to have a direct interest in the utilization of human resources within the State; and

"(4) not less than 20 percent shall be appointed from—

"(A) representatives of units of general local government or consortia of such units, appointed from nominations made by the chief elected officials of such units or consortia;

"(B) representatives of local educational agencies and postsecondary institutions, which appointments shall be equitably distributed between such agencies and such institutions and shall be made from nominations made by local educational agencies and postsecondary institutions, respectively;

"(C) representatives of local welfare and public housing agencies; and

"(D) individuals who have special knowledge and qualifications with respect to the special education and career development needs of individuals who are members of special populations, women, and minorities, including 1 individual who is a representative of special education.

"SEC. 703. BUDGET OF COUNCIL.

"(a) PREPARATION AND SUBMISSION.—In order to carry out its functions, the State Council shall prepare a budget for itself and submit the budget to the Governor for approval.

"(b) SERVICES.—Each State Council may obtain the services of such professional, technical, and clerical personnel as may be necessary to carry out its functions.

"(c) CERTIFICATION.—Each State shall certify to the Secretary the establishment and membership of the State Council at least 90 days before the beginning of each period of 2 program years for which a job training plan is submitted under this Act.

"SEC. 704. USE OF FUNDS.

"Each State establishing a State Council under this part may use the funds otherwise available for State Councils under the applicable Federal human resource programs to carry out the functions of the State Council. If the State's job training program under this Act is one of the applicable Federal human resource programs included in an agreement which provides for the establishment of a single State council under this title, the State shall not reduce its fiscal effort in utilizing funds made available under section 202(c)(1)(A) for purposes of section 122, to carry out the functions of such State council.

"SEC. 705. DEFINITION.

"For the purposes of this title, the term 'applicable Federal human resource program' means any federally assisted human resource program included in an agreement reached by the State agencies responsible for administering the affected programs.".

SEC. 33. TECHNICAL AND CONFORMING AMENDMENTS.

(a) Section 122(b)(2) of the Act is amended by striking "section 202(a)" and inserting "sections 203(c) and 253(c)".

(b) Section 123(a) of the Act (as redesignated by section 111 of this title) is amended by striking "section 202(b)(4)" and inserting "sections 202(d)(2)(A) and 252(d)(2)(A)".

(c) Section 161(b)(2) of the Act is amended by striking "through 455" and inserting "and 453".

(d) Section 161(c) of the Act is repealed.

(e) Section 172 of the Act is redesignated the second place it appears as section 173.

(f) Section 181 of the Act is repealed.

(g) Section 302(b)(2) of the Act is amended by striking "part B and this part" and inserting "part A".

(h) Section 433(c)(1) of the Act is amended by striking "455" and inserting "453".

(i) Section 463(a)(3) of the Act is amended by striking "section 124" and inserting "section 123".

(j) Section 464(a)(3) of the Act is amended by striking "section 124" and inserting "section 123".

(k) Section 481(a) of the Act is amended by striking "(a)(1)" after "203".

(l) The table of contents of the Act is amended—

(1) by inserting after the item pertaining to section 108 the following:

"Sec. 109. Recapture and reallotment of unexpended funds under title II.";

(2) by striking the item pertaining to sections 123 and 124 and inserting the following:

"Sec. 123. State education coordination and grants.
"Sec. 124. Identification of additional imposed requirements.";

(3) by striking the item relating to section 172 and inserting the following:

"Sec. 172. Presidential awards for outstanding private sector involvement in job training program.
"Sec. 173. Construction.".

(4) by striking the item relating to section 181;

(5) by amending the items relating to title II to read as follows:

"TITLE II—TRAINING SERVICES FOR THE DISADVANTAGED

"PART A—ADULT PROGRAM

"Sec. 201. Statement of purpose.
"Sec. 202. Allotment and allocation.
"Sec. 203. Eligibility for services.
"Sec. 204. Program design.
"Sec. 205. Linkages.
"Sec. 206. Transfer of funds.

"PART B—SUMMER YOUTH EMPLOYMENT AND TRAINING PROGRAMS

"Sec. 251. Purpose.
"Sec. 252. Allotment and allocation.
"Sec. 253. Use of funds.
"Sec. 254. Limitations.
"Sec. 255. Applicable provisions.

"PART C—YOUTH PROGRAM

"Sec. 271. Statement of purpose.
"Sec. 272. Allotment.
"Sec. 273. Eligibility for services.
"Sec. 274. Program design.
"Sec. 275. Linkages.
"Sec. 276. Transfer of funds.";

(6) by striking the item pertaining to section 303 and inserting the following:

"Sec. 303. Recapture and reallotment of funds under title III programs.";

(7) by inserting after the item pertaining to section 402 the following:

"Sec. 403. Grant procedures.";

(8) by inserting after the item pertaining to section 455 the following:

"Sec. 456. Uniform reporting requirements.
"Sec. 457. Training network.";

(9) by inserting after item relating to section 481 the following:

"PART H—YOUTH OPPORTUNITIES AND UNLIMITED PROGRAM

"Sec. 491. Statement of purpose.
"Sec. 492. Program authorized.
"Sec. 493. Application.
"Sec. 494. Grant agreement.
"Sec. 495. Job guarantees.
"Sec. 496. Payments; Federal share.
"Sec. 497. Reporting.
"Sec. 498. Federal responsibilities.
"Sec. 498A. Definitions.

"PART I—MICROENTERPRISE GRANTS PROGRAM

"Sec. 499. Microenterprise Grants.

"Part J—Disaster Relief Employment Assistance

"Sec. 499A. General authority.
"Sec. 499B. Use of funds."; and

(10) by adding after the items pertaining to title VI the following:

"TITLE VII—ESTABLISHMENT OF STATE HUMAN RESOURCE INVESTMENT COUNCIL

"Sec. 701. State Human Resource Investment Council.
"Sec. 702. Membership.
"Sec. 703. Budget of Council.
"Sec. 704. Use of funds.
"Sec. 705. Definition.".

SEC. 34. EFFECTIVE DATE; TRANSITION PROVISIONS.

(a) The amendments made by this Act shall take effect on July 1, 1992.

(b) Performance standards shall be issued pursuant to the amendments contained in section 106 as soon as the Secretary determines sufficient data are available, but no later than July 1, 1993.

(c) The Secretary shall evaluate the impact of programs under title II of the Job Training Partnership Act as amended by this Act on participant employment, earnings and welfare dependency in multiple sites using the random assignment of individuals to groups receiving services under title II and to groups not receiving such services.

(d) The Secretary may establish such rules and procedures as may be necessary to provide for an orderly transition to and implementation of the amendments made by this Act.

I. Introduction

H.R. 3033 is a comprehensive package of reform amendments to Title II of the Job Training Partnership Act (JTPA, P.L. 97-300), which focuses primarily on services for the disadvantaged. Since JTPA's enactment in 1982, only technical amendments have been made to Title II. The passage of H.R. 3033 would represent the first comprehensive revisions to Title II's adult and youth program, and the summer youth program. H.R. 3033 draws upon two other bills by incorporating provisions from H.R. 2496, the Administration's bill introduced by Representative Goodling of Pennsylvania (the Job Training Partnership Act Amendments of 1991) and H.R. 196, a bill introduced by Representative Owens of New York, to establish a Youth Opportunities Unlimited program.

Since 1982, the Congress has conducted extensive oversight of the program's implementation but has resisted making significant amendments too early in the statute's history. JTPA has now completed eight full years and has generally been viewed as a successful, outcome-oriented, public-private partnership that has trained and placed disadvantaged individuals into permanent unsubsidized jobs.

Recent evidence, however, has revealed a number of fundamental flaws in the Title II program. Over the last few years, the Committee on Education and Labor has conducted a thorough examination of Title II and other programs under JTPA through numerous hearings. Reports have been issued by the Department of Labor's Office of Inspector General, the General Accounting Office, the National Commission for Employment Policy, and a variety of research institutes and commissions. This bill is the product of these hearings and reports, and addresses the vast majority of criticisms leveled at the JTPA program.

The Committee believes that H.R. 3033 will strengthen one of the country's foremost job training programs for disadvantaged individuals and dislocated workers. In addition to its economic benefits, a reformed JTPA has the potential to significantly improve social conditions by giving hope to people who have despaired of finding a decent job, and by helping to reduce crime. It is truly a "last-chance" employment and training program for many Americans.

II. Purpose and Summary

Since the beginning of the 102nd Congress, the Nation has been struggling with one of its worst recessions in recent years. A host of reasons has been given for this latest recession, but one in particular has been America's inability to remain competitive in an in-

creasingly global marketplace. Most economists would agree that the Nation has one of two choices—to become more productive and, therefore, competitive, or to lower wages overall to compete with developing countries.

If we are to improve our economic competitiveness, government must provide the funding and the structure necessary for major training and education efforts. Educators must strive to give current and future workers a solid basic education as well as technical and interpersonal skills. Employers must invest in worker training and provide a workplace that is conducive to cooperation and creativity. Workers must be committed to producing quality goods and services that will maintain America's strong presence in the global marketplace. There is a growing consensus about the need to upgrade and improve the skills of the labor force as the Nation progresses through the 1990's.

Although this consensus is essential to over coming our problems, there are still many obstacles to surmount. One of the greatest impediments is the lack of basic and technical skills of the American workforce. "Technical workers are known to be especially important to America's competitiveness because they are the lifeblood of industries that produce the lion's share of internationally traded products and services. The continuous integration of new technologies with more highly skilled labor is widely recognized by labor economists as the true source of American competitiveness." [However,] "training in a technical discipline must be preceded by a sound grounding in the basic skills that prepare an individual to understand and acquire the more sophisticated constructs of technical work. This places a premium on the individual who has the basics and is therefore equipped to handle higher-level technical training." ("Training the Technical Workforce," by Anthony Carnevale, Leila Gainer, and Eric Schulz, 1990.)

Greater demands are being placed on employees in the current workforce. Three out of four workers today must have skills through the twelfth grade level, not the fourth grade level typical after World War II. And these standards continue to rise. The Manpower Development Corporation (MDC) reported in 1988 that by the year 2000, most new jobs will require some higher level of education—a median education level of 13.5 years. "That means, on the average, that the workers who fill these jobs will have to have some training beyond high school, not to be the boss, but just to bring home a paycheck." ("America's Shame, America's Hope," by Kenneth Clark, MDC.) As this educational threshold for minimum competency levels continues to rise, much of the current workforce will need some degree of basic skills training or retraining.

Many Americans, particularly high school dropouts, cannot attend college; others have no interest, intention, or means to obtain a four-year academic degree. These non-college bound, persons are an important resource who can be steered toward alternative careers, but often end up on the margins of society. American apprenticeship programs reach only 2 percent of our youth, and generally, only after they have been out of school for several years. In contrast, Germany has a very strong apprenticeship system that reaches two-thirds of that nation's young people while they are still in school. (Education Week, "Demands of Information Age Revive

Old Idea of Apprenticeships," June 5, 1991.) More Americans need to know about the apprenticeship and school-to-work opportunities that are available, and they need assistance accessing these opportunities.

The Committee has focused much of its attention on changes to Title II of JTPA, which targets the economically disadvantaged. Poverty in our country has risen alarmingly in recent years. The same week H.R. 3033 was ordered reported by the Committee on Education and Labor, the Washington Post headlined that "poverty in the United States rose sharply last year for the first time since 1983," the height of the 1980's recession. ("U.S. Poverty Rate Up; Median Income Falls", September 27, 1991.) Another recent report by the Joint Center for Political and Economic Studies found that "global labor market changes led to increases in poverty throughout Western industrialized nations in the 1980's, but the United States stood in 'ignominious isolution' in its failure to lift its least well-off citizens out of poverty." The report explains that the effects of technological advances, increased global trade, and a relative decrease in the manufacturing workforce left many poor and near-poor either jobless or underemployed. It concluded that families with children suffered the most. ("Poverty, Inequality and the Crisis of Social Policy," September 1991.)

The skills of the disadvantaged must be upgraded and channeled into productive employment with liveable, middle income wages. JTPA, when at its best, can provide the tools necessary to lift people out of poverty and despair. JTPA has been accused of serving the "most likely to succeed" and not those "most in need." The committee is intent upon having JTPA provide quality services to each individual in need of basic skills and occupational and vocational training programs.

In too many areas of our country, poverty is directly linked with crime and drug abuse. Crime is one of the major social problems facing our Nation. And it is on the increase. It is significant that roughly 80% of prison inmates are high school dropouts and 25% never finish junior high school. (The Correctional Education Association, Laurel, Maryland.) Taxpayers and the American economy pay the price for these failures. Dropouts and low-literate persons are the last hired and first fired in our workforce.

It is no secret that there is a direct correlation between the unemployed, dropouts, and incarceration. The average yearly cost to send a youth through elementary and secondary school is $4,200; the average yearly college cost is $5,000 per student; the average job training program costs $2,700; but the average yearly cost of incarcertion is over $14,000. ("Saving the Schools: How Business Can Help," Fortune, November 7, 1988.) These costs are compounded by extremely high rates of recidivism. It should be obvious to the Congress where to invest tax dollars, but JTPA funding his remained stagnant since its inception. The budget for building new prisons, on the other hand, has skyrocketed.

Unemployed and dislocated workers will benefit from an improved JTPA system. At present, during this recession, our workforce is suffering from an unemployment rate of 6.8 percent. It is likely that among these 8 million jobless Americans are many who want to work but lack the skills necessary to obtain jobs paying

liveable wages. JTPA can also assist discouraged workers through basic skills training or upgrading of other skills.

These amendments retain the Federal, State and local partnership, as well as the public/private partnership, that form the basic delivery system for JTPA, and preserve the emphasis on program outcomes through the use of revised performance standards. Overall, this legislation stresses reaching hard-to-serve persons, with barriers to employment in addition to their poverty. Longer, more comprehensive, and more coordinated services are mandated with an assessment and service strategy provided for each participant. Basic skills training is strongly encouraged. The Secretary, in consultation with the Inspector General, would be required to issue detailed procurement standards to address the numerous program integrity abuses reported over the last few years.

Adult and youth programs: H.R. 3033 separates the year-round youth services provided in the existing Title II-A adult and youth program into a new Title II-C youth program. To be eligible for services under Title II-A, individuals must be economically disadvantaged adults age 22 or older, and at least 60 percent of these adults must have at least one prescribed barrier to employment in addition to poverty.

The proposed Title II-C program, for youths aged 16 through 21, will have eligibility requirements similar to those listed above for adults. High school dropouts under the age of 18; however, must return to school or some form of alternative educational program as a part of their participation in JTPA. Of the Title II-C participants, 60 percent must be out-of-school. With limited exceptions, a governor may lower the service delivery area (SDA) requirement to a minimum of 40 percent out-of-school. The education, skill level, and service needs of each Title II-A and II-C participant will be assessed, and a service strategy must be developed.

Funding and State set-asides: The bill includes a declaration of policy that encourages the expansion of the Title II program by increasing funds by at least 10 percent each year to increase the number of youths and adults served, currently only 5 percent of the eligible population. Only technical changes are proposed in the funding formula. The existing 3 percent state set-aside for older worker programs would be replaced with a requirement at the local level that at least 8 percent of an SDA's funds under Title II-A be targeted at participants aged 55 or older.

Cost categories and procurement: This bill proposes that a minimum of 50 percent be spent on direct training activities, a maximum of 20 percent on administration, and the remaining 30 percent or less on support services and training-related services. The Secretary is required to prescribe regulations establishing detailed, uniform procurement standards and cost principles to ensure fiscal accountability and prevent waste, fraud and abuse in these programs.

Documentation and data collection: H.R. 3033 directs the Secretary to provide guidance and technical assistance to states and service delivery areas (SDAs) on minimizing documentation to verify eligibility and demonstrate additional barriers to employment, and conduct assessments to ensure that these requirements do not discourage program participation. The amendments would

require improved and expanded data collection, particularly on sex, race, age and occupation. The crosstabulation of various state and SDA produced data will also be required.

On-the-job training: The bill limits on-the-job training (OJT) to 6 months and prohibits SDAs from contracting with employers who ahve exhibited a pattern of failing to provide OJT participants with continued long-term employment with wages and benefis at the same level as regular employees performing similar work.

Performance standards: H.R. 3033 amends adult and youth performance standards to include employability competencies, such as the attainment of a high school diploma or its equivalent. H.R. 3033 amends the incentive grants to emphasize exceeding performance in services to the hard-to-serve, or those with additional barriers to employment.

Job Corps: The bill amends Job Corps to increase the ceiling on the proportion of nonresidential slots in the program from 10 percent to 20 percent, with a priority given to parents with dependent children. Prohibits private contractors from managing a Civilian Conservation Center.

Youth Opportunities Unlimited: H.R. 3033 creates a new Youth Opportunities Unlimited program under Title IV to provide training grants to high poverty communities in a target area with a population of 25,000.

State Human Resource Investment councils: H.R. 3033 provides for the creation of a voluntary state human resource investment council, as long as an agreement is reached by the state agencies responsible for administering affected programs.

Disaster relief: The bill adds permanent authority to fund public service employment under Title IV of JTPA for disaster relief with an authorization of $15 million.

The Job Training Reform Amendments will strengthen a proven system; but, without appropriate long-term services which require long-term investments, JTPA will not be able to provide a long-term solution to poverty and unemployment. JTPA pulls many different agencies and program services together, encouraging cooperation and the pooling of resources. Now, more than ever, we need the framework and the services that only JTPA can provide. In reporting H.R. 3033, the Committee hopes that funding for the program can be increased to meet the urgent needs of individual citizens and of the Nation as a whole.

III. History of Legislation: Committee Action

During the first session of the 102nd Congress, the Subcommittee on Employment Opportunities held several hearings on proposals to strengthen the Job Training Partnership Act. These hearings were held on May 9, and May 21, 1991, in Washington, DC, and on June 17, 1991, in Bellmawr, New Jersey. H.R. 3033, the Job Training Reform Amendments, was introduced by Representative Perkins, Chairman of the Subcommittee on Employment Opportunities, on July 25, 1991. Representative Ford, Chairman of the Education and Labor Committee, and Representatives Goodling and Gunderson, ranking members of the full Committee and the Subcommittee on Employment Opportunities respectively, were original co-

sponsors. On May 30, 1991, Representative Goodling introduced H.R. 2496, the Job Training Partnership Act Amendments of 1991, which was transmitted to the Congress by the Honorable Lynn Martin, Secretary of Labor.

The Committee on Education and Labor and the Subcommittee on Employment Opportunities also held numerous hearings during the 101st Congress on the Job Training Partnership Act. The Committee heard testimony on H.R. 2039, the Job Training Partnership Act Amendments of 1989, introduced by the former Subcommittee Chairman, Representative Martinez. The hearings were held on June 29, 1989, July 7, 1989, September 20, 1989, November 3, 1989, January 12, 1990, and June 6, 1990. The Subcommittee held one hearing on H.R. 3266, the Workforce 2000 Job Training Partnership Act Amendments of 1989, on September 19, 1989. Many hearings were also conducted in the Senate on amendments to the Job Training Partnership Act. H.R. 2039 passed the House by a vote of 416-1. A somewhat similar measure was passed in the Senate by a vote of 95-1. However, a conference was not convened, and the 101st Congress adjourned without taking final action on the JTPA legislation. Representative Martinez introduced the House-passed version of H.R. 2039 as H.R. 740 on January 30, 1991.

During the 102nd Congress, the witnesses who testified before the Subcommittee on Employment Opportunities included: the Honorable Lynn Martin, Secretary of Labor; the Honorable Julian De La Rosa, Inspector General of the Department of Labor; representatives of the General Accounting Office; representatives of the National Association of Counties, National Alliance of Business, National Governors' Association, National Council on Aging, the Commission on the Skills of the American Workforce, the National Commission for Employment Policy, and Operation ABLE. Witnesses for states and local areas included: representatives of state and local education and vocational education offices, the Concentrated Employment Programs, community-based organizations, proprietary schools, a local service delivery area, a local private industry council, a local public welfare agency, a non-profit literacy organization, and a local Board of Relators. National and local representatives of the AFL-CIO also testified before the Subcommittee.

On July 31, 1991, the Subcommittee unanimously voted to report favorably to the Committee on Education and Labor H.R. 3033 with one technical and clarifying amendment. In Committee mark-up on September 24, 1991, Mr. Perkins offered, and the Committee unanimously adopted, an amendment in the nature of a substitute to H.R. 3033. The Committee also approved four amendments to the substitute, three of which were offered by Representative Williams, and one of which was offered by Representative Martinez. The Committee then proceeded by voice vote to unanimously report H.R. 3033, as amended, to the full House for consideration.

IV. Background and Need

JTPA became the Nation's primary employment training program in 1982, succeeding a series of Federal job training programs dating back to the 1960's. The first post-World War II job training program for unemployed workers began in the early 1960's, with a

focus on adults facing potential displacement as a result of automation. By the mid-1960's, however, the emphasis had shifted to the needs of economically disadvantaged individuals, particularly minorities and youth. The primary beneficiaries of Federal training programs since then have remained low-income disadvantaged adults and youth.

In the early 1970's, Congress folded a variety of categorical job training programs into the Comprehensive Employment and Training Act (CETA), which was intended to transfer greater decision-making authority for training programs from the Federal to the local level.

JTPA was enacted in 1982, replacing CETA but continuing the focus of earlier programs on the needs of economically disadvantaged adults and youth. A key feature of JTPA was the heightened involvement of States and the private sector, along with local governments, in planning and administering the program. In addition, JTPA was established as a performance-based system, with training programs required to meet mandatory standards of performance. Public service employment was extremely limited under JPTA, as were supportive services. The primary services provided are training and related employment services.

Within a few years of JTPA's inception, two major criticisms of the program developed. These criticisms have plagued the program ever since, continually tarnishing its image. These criticisms have primarily revolved around the lack of targeting on those most in need of its services, and the numerous accounts of waste, fraud, and abuse.

TARGETING OF SERVICES

An issue that has remained in question concerning the JTPA program has been whether services are adequately targeted to those members of the eligible population who have the greatest barriers to employment and the greatest need for assistance. Recent Census data reveal that over 33 million people are actually eligible, based on their income, yet the number that the JTPA Title II program is able to serve is only about 1.5 million. Obviously, there are millions of income eligible persons who are not able to participate in the services available from JTPA.

Substantial evidence exists suggesting that "creaming" is occurring in the JTPA delivery system. "Creaming" is the selection of eligible persons who are most ready to be placed into jobs and who have the fewest training needs. For example, the General Accounting Office (GAO), in its June 1989 report, "JTPA Services and Outcomes for Participants With Differing Needs," found that a larger proportion of high school graduates are enrolled in the JTPA program than exists in the eligible population nationwide. In contrast, high school dropouts are substantially underserved by JTPA even though dropouts are a group particularly prone to difficulties in the labor market. GAO data show, for example, that only 27 percent of adult JTPA participants are school dropouts. In comparison, it is estimated that 38 percent of adults eligible for JTPA are school dropouts.

The JTPA system appears to do an inadequate job of recruiting and enrolling persons who have multiple barriers to employment, such as school dropouts who are receiving AFDC assistance. GAO compiled information for a 1989 study on three groups with specific employment barriers: school dropouts; AFDC recipients; and those with limited recent work experience. GAO data show that JTPA serves less than 2 percent of the total adult eligible population with at least two of the three employment barriers described above. The GAO estimates that 26 percent of the total eligible poverty population is characterized by these multiple barriers to employment.

Furthermore, in 1988, the Department of Labor's Inspector General (IG) also reported that, despite having achieved a 70 percent "entered employment" rate, the JTPA program is not focusing on hard-to-serve individuals, but targets participants who are easy to place. Sixty percent or more of JTPA participants, according to the IG, are high school graduates. The IG concluded that the number of participants on public assistance was only slightly reduced (4.9 percent for adults, no reduction for youth) by the JTPA program.

JTPA is the major Federal employment and training program. Therefore, it is important to ensure that the 5 percent of the eligible low-income persons that the program is able to serve with current funding are those who face multiple barriers to employment. This includes those lacking basic reading and math skills, school dropouts, welfare recipients, individuals with disabilities, and homeless persons. Those who are served should, to the maximum extent practicable, be those who would not be able to find jobs without the direct intervention of this program. It is also necessary to ensure that those served by the JTPA program are provided the comprehensive basis skills and training necessary to improve their long-term employability and their long-term earning potential.

IMPROVING QUALITY

Another recurring issue regarding JTPA services involves the quality and the type of services provided. For example, short-term job search assistance might result in job placement for some low-skilled individuals, but may not result in job retention. In other words, questions have been raised about whether JTPA services are of sufficient depth and duration to really enhance the long-term employability of disadvantaged workers.

Several recent reports, including the Secretary's Commission on Achieving Necessary Skills (SCANS), have discussed the basic workplace skills today's employers consider essential in their employees. The first priority for employers is attracting workers with basic reading and math skills. They want workers who listen and communicate well, are able to solve problems and think creatively, have self-esteem, and have a sense of personal direction and motivation. Employees want workers who get along with others, are able to work as members of teams, are responsible, and motivate others when necessary.

JTPA is capable of providing this type of basic skills and employability training. However, GAO's research clearly demonstrates

that not all participants who need these services are receiving them.

In June 1989, GAO reported that "less job ready" participants (predominantly dropouts, welfare recipients, and minorities) received less intensive JTPA services than more employable participants, even though the "less job ready" participants face greater barriers to employment. For example, while dropouts might be expected to need remedial education to achieve labor market success GAO found that 88 percent of dropouts served by JTPA received no remedial education at all. Nearly one in three JTPA participants who could be considered most in need, by GAO estimates, received only job search assistance and no other form of training or education.

Further, GAO found that the more disadvantaged individuals were less likely to receive occupational training, and less likely to be trained for higher skill occupations. At the same time, GAO found that individuals trained for higher skill occupations tended to find jobs in those occupations. Therefore, this type of training tends to pay off for those few who receive it.

During a House Committee on Government Operations hearing held on July 17, 1991, to examine the preliminary results of a GAO investigation on service disparities, Chairman John Conyers stated:

> * * * JTPA has become an entity without leadership, where the federal partner—the Department of Labor—has not fulfilled its responsibilities in establishing fundamental criteria for the program that would prevent the existence and persistence of differential patterns of service and job placement for minority and women JTPA participants. And despite the vacuum created by its negligence, the Federal role has not been filled by JTPA's remaining partners—the states and localities.
>
> The accomplice, * * * seems to be the Office of Management and Budget. GAO's original plan to survey all the service delivery areas (SDAs) around the country was cancelled because the states are not required to maintain detailed data on the types of services and outcomes generated by JTPA for various population groups. The lack of crucial data prevents SDAs and the Department of Labor from knowing more about their program, its effectiveness and improved performance. During JTPA's first three years of operation, OMB prevented the Labor Department—in direct violation of the law—from collecting information on the post-training experiences of participants. While some improvements have been made in this area, the data is still sorely deficient. The bottom line is, DOL is unable to monitor the program for the type of disparities identified by the GAO investigation.
>
> The appearance of institutionalized patterns of employment discrimination in a Federally mandated program is bad enough; but the Labor Department's "keeper of the flame" of JTPA—the Employment and Training Administration—and its 'cop on the beat'—the Directorate of Civil Rights—have maintained passive positions in monitoring

and acting to correct the inequities that exist and persist. To date, not one state, not one of the 630 SDAs has been sanctioned for breaking the law

Women participating in JTPA training programs tend to be trained for traditionally "female" occupations, not for traditionally male occupations, which often provide enhanced pay, benefits and job security.

In testimony presented to the Government Operations Committee concerning its preliminary findings on racial and gender disparities in JTPA services, the GAO stated, "although women were receiving more classroom training than men, program officials told us that women were more likely than men to get training in jobs with lower placement wages." The GAO also testified that, "while participants were more likely to receive classroom and on-the-job training, while black participants were more likely to receive only job search assistance." These findings only serve to underscore the need for improved targeting and service requirements found in H.R. 3033.

In response to the recent GAO report on service disparities, a number of amendments were included in H.R. 3033 to address each of the issues highlighted in the Committee on Government Operations hearing.

ON-THE-JOB TRAINING

One of the more costly, yet common, types of training services provided through JTPA is on-the-job-training (OJT). A contract for OJT is generally made with an employer, and the JTPA program pays a subsidy that equals 50 percent of the wages paid to JTPA participants hired by this employer. The Department of Labor's IG, as well as the GAO, investigated the use of this subsidy by surveying OJT employers. In its 1988 survey, approximately 60 percent of all OJT employers said they would have hired the JTPA participant without the subsidy. Of the employees surveyed, however, only 66 percent of the adults and 48 percent of the youth were retained after the OJT training ended.

The GAO also noted abuses in OJT services and reported that over 40 percent of OJT placements were in lower skill occupations, such as custodial care, housekeeping, dishwashing, car washing, and laundry. While such training may be appropriate for certain individuals, the GAO noted that much of the time spent in OJT "was very likely too long." The Department of labor estimates the training period for most lower skill occupations should be no more than 30 days or 240 hours. In contrast, the average time for 85 percent of the OJT contracts surveyed was about 585 hours—more than double the Department of Labor guidelines.

PERFORMANCE STANDARDS

The performance standards have encouraged practices of serving those most likely to succeed, instead of those likely to benefit the most. Program "success" was primarily measured through performance standards by high placements and low costs. To demonstrate this measure of "success," too many SDAs avoided high-risk clients with multiple problems to overcome before they are ready to take a

job. Cost standards promoted efficiency and accountability, but discouraged SDAs from providing the longer term, more intensive and costly training that is needed by the most disadvantaged JTPA clients.

While our objective should be to provide the highest quality training at the lowest cost, incentive payments had previously been directed at SDAs that "beat" the cost standards and under-emphasized quality. This underspending may be reflected in the fact that cost per placement in the JTPA system tends to fall well below the standards set by the Department of Labor. For example, in program year 1987, the average cost per adult successfully entering employment was about $2,750—an amount nearly 40 percent below the $4,374 standard set by the Department of Labor (DOL). The Committee recognizes that underspending is not the only reason for the low cost per placement. Such underspending may also reflect well established coordination with other programs. However, the cost per placement data, along with other indications of short-term intervention, give reason to believe that SDAs gave too much emphasis to cost per placement standards. The present system designed to measure program success is inadequate. H.R. 3033 begins to shift the emphasis away from placement alone.

V. Committee Views

H.R. 3033 (the Job Training Reform Amendments) amends the Job Training Partnership Act (JTPA) to make substantial changes designed to reform, restructure and strengthen the Act's services for economically disadvantaged adults and youth.

H.R. 3033 retains the public/private partnership that forms the basic delivery system for JTPA and preserves the emphasis on program outcomes through the use of revised performance standards. Throughout the legislation, an emphasis is placed on serving the hard-to-serve, who face barriers to employment in addition to their poverty. Longer, more comprehensive services are mandated, with an assessment and service strategy to be provided for each participant. Without appropriate long-term services, which require long-term investments, JTPA will not be able to provide a long-term solution to poverty and unemployment.

JTPA TITLE II FUNDING

Throughout this legislation, a concerted effort has been made to address each of the criticisms directed at the Title II program. It is the Committee's intent to address each criticism or problem that has been used as a reason not to increase funding for this program. A comprehensive effort has been made by the Committee to reform the program; and the Committee expects that this will bring about a substantial effect on funding when appropriations are considered in the coming years.

Since the inception of JTPA, the Title II poverty program has received stagnant funding. When inflation is taken into account, this program has lost over 30 percent of its purchasing power. To rectify this, the Committee has included a declaration of policy that strongly encourages the expansion of the Title II program by increasing funds by at least 10 percent each year. Increased funding

will be required simply to maintain current service levels, since these amendments require longer, more comprehensive training services. With JTPA serving less than 5 percent of eligible population, it is already seriously underfunded, and the numerous new requirements added in this legislation may dramatically increase costs. In recognition of these changes and of the support of longer, in some instances multi-year services, the Committee strongly urges substantially increased funding for this program.

Subject to the approval of the Governor, service delivery areas (SDAs) are allowed to transfer up to a total of 10 percent in any given program year of their title II-A and II-C funds between Titles II-A and II-C, depending upon local need to serve more adults or more youth. SDAs are encouraged to transfer these funds when necessary, but not as a bookkeeping measure to avoid the recapture of funds.

SEPARATE ADULT AND YOUTH PROGRAMS

JTPA services for economically disadvantaged persons currently are provided through two programs: the Title II-A program for economically disadvantaged youth and adults; and the Title II-B summer employment and training program for youth. Local SDAs receiving funds under Title II-A must spend at least 40 percent of their funds on eligible youth, ages 16 through 21.

H.R. 3033 separates the year round youth services currently provided in the Title II-A program into a new Title II-C youth program. This program was separated from Title II-A to address the specific needs of "at risk" youth. The creation of distinct adult and youth programs is intended to promote a more effective delivery of services and permit greater specialization of these services to meet the different needs of adults and youth. The authorization for this new title is required to be 40 percent of the previous Title II-A funds, thereby protecting current youth funding levels.

To be eligible for services under Title II-A, individuals must be economically disadvantaged adults age 22 or older, and at least 60 percent of these adults must have at least one prescribed barrier to employment in addition to poverty. As in current law, 10 percent of these participants may be non-economically disadvantaged if they face at least one other barrier to employment.

The proposed Title II-C program for youth, aged 16 through 21, will have similar eligibility requirements to those listed above for adults. High school dropouts under the age of 18, however, must return to school or some form of alternative educational program as a part of their participation in JTPA. H.R. 3033 requires that 60 percent of the participants served in Title II-C be out-of-school youth at the time they are enrolled in the program. With limited exceptions, a governor may lower the SDA's requirement to a minimum of 40 percent.

The Title II-B summer youth program will retain the eligibility requirements in current law. Language is added to this part to encourage the concurrent enrollment or the transfer of summer youth into the Title II-C year round youth program.

OUT-OF-SCHOOL YOUTH

While numerous concerns have been raised about the quality and targeting of services to the eligible population under Title II, particular concerns have been directed at the out-of-school youth and dropouts. In many cases, these are the most disadvantaged and disenfranchised individuals, and the most difficult to reach and to serve.

In creating the new Title II–C program, increased services to dropouts and out-of-school youth are required and the training services have been revised to meet the special needs of youth. Of the Title II–C participants, 60 percent must be out-of-school. A governor may lower the service delivery area (SDA) requirement to a minimum of 40 percent out-of-school youth if the dropout rate is less than 10 percent. SDAs may also exclude from the computation of the 60 percent out-of-school/40 percent in-school ratio, all of the in-school youth served in a schoolwide project (described hereafter).

The requirement that 60 percent of those served must be out-of-school has received considerable attention from many local program operators. While exemptions have been added to this requirement, the Committee's intent is to maintain a primary focus on serving dropouts and out-of-school, non-college bound youth. At the same time, these exemptions provided flexibility to local programs to reduce the 60 percent out-of-school youth requirements.

In order to receive a waiver, a dropout rate of 10 percent or less in a SDA must be shown by an empirical finding that the actual dropout rate for the in-school youth population in a SDA at the time of the request is 10 percent or less, as determined on the basis of objectively reliable standards and methods which are consistently and uniformly applied throughout the State. The Committee intends that in any SDA with a verified dropout rate under 10 percent, the governor's approval of a request to serve less than 60 percent out-of-school youth should be automatic.

The Committee is well aware that JTPA's limited resources are greatly stretched in serving less than 5 percent of the eligible population; however, this is one of the few Federal programs with funds available for school-to-work transition programs. While the Committee recognizes that JTPA funds have been used to support a number of highly successful dropout prevention programs for in-school youth, a priority in this legislation is being placed on youth currently out of any formalized school system, i.e., high school or postsecondary education and training.

Business has increasingly expressed concern over the crisis in America's workforce. This crisis includes low basic skill levels, the poor quality of the workforce, and the ever rising workplace education threshold. The United States is one of few industrialized countries in the world without a systematic approach to ensuring that non-college bound youth are channeled into productive school-to-work programs. The William T. Grant Foundation has estimated that only 30 percent of high school students will eventually get a college degree. Its report on these youth was aptly titled, "The Forgotten Half." U.S. News and World Report has referred to these youth as the "neglected majority," and it quotes Cornell University Professor Stephen Hamilton in calling the U.S. approach "the

worst school-to-work system in the Western world." ("Crafting the Workforce", August 19, 1991.)

Finally, Federal, State and local governments spent approximately $397 billion in 1990–1991, on all levels of education in the U.S. (in combined public and private resources). While dropout prevention programs have received only a small portion of this money, the Committee knows that, even at a minimum, there are a variety of resources which can be accessed to fund in-school youth programs. There are few programs other than JTPA that are available for out-of-school youth.

SCHOOL ENROLLMENT REQUIREMENTS

In addition to emphasizing services to out-of-school youth, any youth who is a dropout under the age of 18 must, as a condition of enrollment, also return to some form of education program. At least two or more education options must be made available to the youth. The Committee expects that these be viable options, since many youth would strongly resist returning to the high school from which they dropped out. As an example, in gang-dominated neighborhoods, a youth may have dropped out of school for his or her own protection. In situations such as these, returning to the same high school must be one of two limited options to be made available. In such instances, different options should be made available, such as an alternative education program, or night school courses.

TARGET GROUPS

In the Title II–A and II–C programs, H.R. 3033 requires at least 60 percent of the participants to have at least one prescribed barrier to employment in addition to their poverty. These additional eligibility requirements were added to address the long-standing criticisms that the Title II program is "creaming" or serving the easiest to serve, instead of those most in need of services, as discussed previously in this report.

In view of the fact that the JTPA program serves less than 5 percent of the eligible population, the Committee supports serving a more targeted group with multiple barriers to employment. While the Committee recognizes that poverty alone may entail a substantial barrier to employment, there is a need to intensify the focus of extremely limited federal funds to those with multiple employment barriers, who would have little chance of employment success on their own. While the prescribed categories do not list all employment barriers, this list represents the majority of individuals considered to be most in need of services.

The Title II–A adult target groups are: basic skills deficient, school dropouts, recipients of cash welfare payments offenders, individuals with disabilities, and the homeless. The barriers for the Title II–C youth target groups include: basic skills deficient, education attainment one or more grade levels below the grade level appropriate to the individual's age, pregnant or parenting, individuals with disabilities (including learning disability), homeless or run-away, school dropouts, or offenders.

The Committee intends that determinations of these barriers be used to effectively target the program and services; and not be a hindrance to recruiting and processing participants, or a stigma to the individuals served.

While a more detailed assessment is required for improved participant services (as described subsequently) it is not the Committee's intent to require a detailed assessment to determine participant eligibility. For example, to determine whether an individual meets the eligibility for the basic skills deficiency target group, it is expected that a simple basic skills test would be applied. A short simple ten minute test should be sufficient for determining basic skills deficiency in the initial eligibility test. (The same is true of the summer youth program's basic skills assessment requirement.) It is only after eligibility has been determined that a more detailed basic skills assessment is required to address any specific deficiencies.

SCHOOLWIDE PROJECTS

Schoolwide projects are authorized under Title II–C in order to target in-school youth in high poverty neighborhoods. SDAs are authorized to provide funds to establish these projects in high schools located in neighborhoods with over 30 percent poverty. This provision would target youth who are reading below grade level or face other barriers to employment, but it would not require each in-school youth served by this project to be income-certified.

High schools in these high poverty areas must demonstrate that 75 prcent of their students have barriers to employment other than their poverty. These are the same barriers listed in the youth target groups described above. As long as it can be determined that 75 percent of the student population meets these barriers, then the entire school may be served by a program, without each individual being either income certified or assessed for a specific individual barrier.

In urban and rural areas with a high concentration of poverty, individual eligibility criteria for in-school youth may be unnecessary and potentially counterproductive. Numerous JTPA service providers have testified that the burden of documentation can discourage participation in JTPA programs. While the Committee supports the need to ducument poverty and certain barriers for eligibility purposes, it also recognizes that, in extreme situations in areas of pervasive poverty, it is more important to target the severely disadvantaged in a manner which does not hinder participation. Also, only a limited number of schools will qualify under the strict criteria established in this legislation although, in some high schools in our country, virtually the entire school has been tested as reading below grade level.

The authorization for these projects would also facilitate successful public-private partnerships, such as those modeled after the Boston Compact, to continue to offer training and employment opportunities to all students. This arrangement would also allow for the leveraging of JTPA funds with private sector contributions aimed at individual schools, such as "adopt-a-school" programs.

This schoolwide project is modeled after Section 1015 of the Chapter 1 program in the Hawkins-Stafford Elementary and Secondary School Improvement Amendments of 1988 (P.L. 100-297). The existing Chapter 1 schoolwide projects program recognizes the diminishing value of targeting based on individual characteristics in areas of high concentrations of poverty.

SUMMER YOUTH PROGRAMS

The Committee supports the continuation of the separate summer youth program currently authorized under Title II-B of JTPA. Summer is a critical period for keeping young people on productive paths. The summer youth program provides remediation, work-study programs, and valuable work experience to large numbers of disadvantaged youth all across the country. Summer jobs are also a source of much needed income for the disadvantaged. Not only have these programs been beneficial, many young people would receive no exposure to the world of work otherwise. The Committee also believes summer youth programs can be a key factor in encouraging participants to complete their schooling or enroll in other supplementary or alternative school programs.

It is the Committee's intent that there be no barriers to participation in either the summer program or the year round program; SDAs are encouraged to build linkages between these two programs. Eligible individuals may be co-enrolled in the summer programs and in programs under Title II-C; therefore, youth do not have to be terminated from the summer program to participate in the year round program and vice versa. If youth are co-enrolled, some adjustments may; be made with respect to the number of youth competencies to be met for the performance standards in Title II-C. This is to reflect the limited period of participation of youth in the summer program.

Additional, co-enrollment allows the year-round program to build upon accomplishments achieved during the summer months and to provide follow-up services. Similarly, participation in the summer program can enhance the skills learned during the year-round program and limit the amount of academic regression that naturally takes place over the summer months when youth are not normally in school.

A 1982 General Accounting Office (GAO) study concluded the labor market problems of youth are due in large part to a lack of success in school. Another 1982 GAO study concluded that substantial gains in employability for disadvantaged youth are possible through a combination of such services as remedial education, well-structured work experience, and training.

The complex problems of disadvantaged youth demand a more comprehensive approach than currently provided. Year-round and summer services are encouraged to be seamless to assure the benefits of work experience or training in the summer are maintained throughout the year. Research and numerous demonstration projects consistently have shown work experience is most valuable when combined with other forms of training or education.

ASSESSMENT

In addition to increased targeting, H.R. 3033 requires that the education, skill level, and service needs of each Title II–A and II–C participant be assessed, and a service strategy be developed. In these two programs, each participant must be provided, directly or through arrangement, the education, skills training and supportive services necessary, as indicated in the assessment. This is designed to ensure that the training services received by each participant are tied to that individual's abilities, needs, and interests. While the service strategies are not considered to be contracts, the SDAs must make services available to meet the service and employment plans detailed in these service strategies.

As the JTPA Advisory Committee noted in its March 1989 report, "Working Capital":

> Only after participants' work history, job and educational skills, interests, health, motivation and life circumstances are reviewed and documented, can they be used to establish the services individuals should receive and their obligations while receiving those services.

The Committee wants to stress that the assessment process should be flexible and has not prescribed the design of the assessment. The Committee does not believe that an assessment has to be a testing or "paper and pencil" exercise.

A thorough "recent" assessment from another program is acceptable. The Committee intends that "recent" be interpreted as roughly one year. Assessments should determine employment barriers such as basic skills deficiencies, learning disabilities, and lack of vocational skills. In order to properly refer a participant to a basic skills or vocational program, the participant's needs, strengths, weaknesses, and interests must be considered.

Without properly addressing the individual needs of participants, the job training system will not succeed in placing individuals into well-paying jobs with long-term retention. While JTPA has traditionally been successful in placing individuals in jobs, it has been less successful with long-term retention rates and with reductions in welfare. Without appropriate long-term services, which require long-term investments, JTPA will not be able to provide long-term solutions to poverty and unemployment.

The Committee intends for the assessment to be a meaningful first step in determining appropriate services for JTPA participants and not a means for screening the hard-to-serve out of the program. Activities related to conducting an assessment and developing a service strategy, once an individual is a participant, are considered direct training for purposes of assigning cost categories. An initial assessment simply to determine a client's eligibility for the program is to be considered as an administrative cost.

The bill requires that an individual service strategy be developed which is based on the assessment and identifies the employment goal, achievement objectives, and the services to be provided to the participant. Basic skills, occupational skills training, and supportive services shall be provided either directly or through arrangement to the participant where the assessment indicates a need.

Core year-round services for youth must also include pre-employment and work maturity skills training and work experience combined with skills training.

There are many approaches an SDA can take to help participants obtain services identified in his or her service strategy and ensure effective participation in JTPA. The choice of approach should be a local decision and this legislation does not require but encourages the use of a recent service strategy developed under another education or training program (such as JOBS).

Participants in the summer youth program must also be provided with an assessment of their basic skill levels and supportive service needs. This review may include a review of occupational skills, prior work experience, employability, interests and aptitudes. The Committee does not intend for the summer youth assessment to be a cumbersome, lengthy or expensive effort. The Committee encourages SDAs, to the extent possible, to obtain needed assessment information on summer youth participants from the school system or other appropriate resources, and not duplicate efforts.

OBJECTIVE ASSESSMENTS

Many service providers perform their own outreach and assessment of potential JTPA clients. This allows the service providers further opportunity to select participants for the training programs they offer, rather than referring them to other appropriate training opportunities. The GAO found that even, when service providers send participants to the SDA itself for eligibility certification, SDA personnel generally return participants to the same provider for training. Further, many participants are only made aware of the training offered by one service provider.

In recognition of these problems it is the committee's intent that participants must be assessed in an independent manner and must be afforded the opportunity to receive career counseling as a part of their service strategy. They must also be offered information on other appropriate providers for specific services.

It would be difficult to mandate that all SDAs use outside entities for independent assessment and service strategy development, because of the cost constraints involved. However, the Committee intends to monitor the relationship of SDAs and providers for the possibility of any collusionary partnerships.

RESTRICTING PROGRAM ACCESS

In Title II-A and II-C, language has been included to require that "each participant or applicant who meets the minimum income eligibility criteria be provided information on the full array of applicable or appropriate services available by the service delivery area or other service providers" to meet the applicant's basic skills and training needs. This would include referral to other training and education programs, and it would require the SDA to maintain records of such referrals and reasons for which applicants are referred.

The Committee considered even more stringent provisions designed to ensure that hard-to-serve individuals are not inappropri-

ately denied access to JTPA services by restrictive state or local policies. These proposals were prompted by reports that some SDAs have adopted additional across-the-board eligibility requirements, such as a minimum eighth grade reading level requirement, for entry into all JTPA programs. Surveys of selected SDAs conducted by the Children's Defense Fund provided further confirmation that reading and math skills frequently are used as the basis for restricting access to training programs. Even in instances where entry criteria are necessary, strong referral mechanisms to ensure access to appropriate services for individuals failing to qualify for more advanced training programs typically are lacking.

The Committee deleted the prohibition included in the introduced bill regarding any state and local policies that restrict access to these programs. This was deleted in recognition of the fact that funds only allow for services to less than 5 percent of the eligible population. While the Committee recognizes that certain training programs may require some prior basic skills or vocational training (i.e., a word processing or nursing course), the imposition of across the board additional eligibility requirements is contrary to the legislative intent.

The Committee does not expect states and individual SDAs to establish additional eligibility requirements, beyond those in the statute which have the effect of denying assistance to those most in need of services. The Committee urges the Secretary of Labor to monitor grantees for any such policies in an effort to curtail such counterproductive practices.

PROGRAM DESIGN

A fundamental change from current law is the requirement that job search, job clubs, and work experience activities be accompanied by other services that increase a participant's educational and occupational skills. These activities may be provided on a "stand-alone" basis only if the individuals' service strategy indicates the additional services are not appropriate, and if such activities are not available to the participant through the Employment Service or other public agencies. This change reflects the Committee's belief that quick turnaround placement programs have minimal long-term impact when provided in isolation from other more comprehensive and intensive service.

The Committee intends that the assessment, development of service strategies, and monitoring of the progress of program participants, be part of an individualized case management system. The use of integrated computer systems is strongly encouraged as a means of streamlining this approach and enabling SDAs to track participants as they move through a variety of programs and services. Case management is not to be interpreted to mean that all services required by a participant must be provided by the same provider. The use of a variety of service providers on a concurrent or sequential basis should be encouraged and single providers should not attempt to provide a "smorgasbord" of services to participants merely to comply with the new restrictions on "stand-alone" services.

The Committee has been informed of the unique challenges that the Testing, Assessment and Placement Centers (TAP) program and the Employment Service confront within New York City. Only because of the extremely high levels of severely at-risk populations and the successful placements of these populations should there be Department of Labor directed coordination of services of the respective programs.

DOCUMENTATION

The Secretary is expected to provide guidance and technical assistance to states and SDAs on minimizing and standardizing documentation for verifying eligibility, demonstrating additional barriers to employment, and conducting assessments. The establishment of uniform standards, simplified forms, and automated intake procedures is strongly recommended.

The documentation process for verifying the eligibility of participants for the program should not be an expensive or cumbersome process, nor should the documentation process hinder the participation of eligible individuals.

The Secretary's guidance should address the difficulties associated with independent verification of persons who are homeless, disabled, runaways or dropouts. Client self-certification of these conditions is acceptable, as long as a good faith verification effort has been made by the SDA, if it is the only viable method of the target group certification. The Committee recommends that the guidance address the manner in which eligibility documentation from other related programs (such as Jobs Corps or JOBS) can be used in lieu of requiring new or additional documentation for purposes of establishing JTPA eligibility. A disability assessment conducted by the Vocational Rehabilitation program is sufficient to fulfill the disability determination requirements under the target groups. A determination of learning disabilities, as defined in the Individuals with Disabilities Education Act, will suffice for the target group eligibility requirements of this section. A new test or assessment should not be required or be necessary.

Such regulations are expected to be used for evaluating SDA compliance with the target group eligibility criteria, as well as for audits conducted by the IG, other officials in DOL, States, and independent auditors.

RECAPTURE OF UNOBLIGATED FUNDS

The Committee bill contains language providing for the recapturing of funds by the state (and similarly by the Secretary) from those entities that are unable to expend or obligate their funds in a timely manner. To the extent possible, funds available under Title II are to be used for services and activities that reach the target population. Although many states have not previously had problems, there is concern that the increased targeting in these reform amendments may cause some areas to delay utilizing their allocations in a timely manner.

The inclusion of these provisions is not meant to discourage thoughtful and long-term planning on the part of SDAs or States, but rather to ensure that funds reach the target groups and get to

other areas of greater relative need, if any State or SDA is unable to meet these requirements for utilizing its allocations.

Th Governor is encouraged to develop uniform procedures for the expenditure of funds that will provide guidance to SDAs, and will allow them to maximize the effect of their allocation. If after 2 years, an SDA is unable to expend or obligate at least 85 percent of its allocation, the Governor may recapture such unused funds and allocate them to other SDAs within the State that have met such criteria, and have the highest rates of unemployment and poverty. Similarly, the Secretary may recapture a State's allotment, if the State is unable to expend or obligate at least 85 percent of its allocation. These requirements are not intended to be punitive, but rather to assure efficient use of funds in meeting the needs of the targeted populations under this program.

Because there is a similar provision for recapture by the State of funds designated for older worker programs at the SDA level, a provision has been included which prevents double counting against an SDA of unspent or unobligated funds. It is not intended, in the case of an SDA which cannot meet the funding requirements for services to older individuals, that the unobligated funds be recaptured twice by the State. Such unobligated funds as are recaptured under section 203(d) will not be counted as part of the unobligated funds under the general recapturing provisions for Title II. As in the general recapturing provisions, the Governor may reallocate any recaptured funds to other SDAs in the State, or may contract with different service providers to assure that services are made available to eligible older individuals within the SDA from which funds were recaptured. The Committee intends that the State will first seek to serve those older individuals located within the particular SDA.

ELIGIBILITY FOR FOOD STAMPS

The Committee bill amends the definition of "economically disadvantaged," which under current law includes indivudals who are receiving food stamps, to include individuals "determined to be eligible to receive" food stamps. The Committee does not intend that the JTPA program would be responsible for applying the eligibility criteria contained in the Food Stamp Act to determine if an individual would be eligible to receive food stamps. This amendment is only intended to apply where an authorized food stamp agency has made a determination is presented to a JTPA program.

FISCAL ACCOUNTABILITY

The Committee has identified several areas of concern with respect to the fiscal accountability of the JTPA program. In order to address these concerns, the Committee bill establishes new requirements relating to procurement standards and the monitoring of compliance with such standards, the sanctions available for substantial violations of Act, the definition and use of program income, the charging of costs and the application of cost limitations, and the title, use, and disposition of property.

PROCUREMENT

The Secretary is required to prescribe regulations establishing detailed, uniform procurement standards and cost principles for states, substate areas, and SDAs to ensure fiscal accountability and prevent waste, fraud and abuse in these programs. In establishing these standards, the Secretary shall consult with the Inspector General and take into consideration the relevant circulars of the Office of Management and Budget (OMB) that apply to other Federal grant programs. The standards prescribed shall ensure that procurements are competitive, include an analysis of the reasonableness of costs, provide no excess program income or profit, and involve conflict of interest in the grant selection process.

In every Department of Labor Inspector General's (IG) semiannual report to Congress over the past 3 years, serious problems have been identified with SDA procurement practices. National reviews, along with smaller audits of individual SDAs, have repeatedly disclosed serious procurement problems. These are not isolated instances of noncompliance. The procurement and accounting problems are systemic in nature, and only nationally applied remedies will correct them.

Over the years, the program has shown a serious lack of direction and uniformity and a need for more Federal guidance. Frequently, governors have declined to control this situation, passing the JTPA requirement for establishing procurement controls down to the local level, where controls over procurement of training-type services are at times nonexistent. The need for procurement reform has been the subject of IG audit reports; but the Employment and Training Administration's program reviews conducted over the past year at SDAs across the country, have also disclosed numerous problems. These problems range from poor draftsmanship and definition of contract objectives to no procurement systems at all. The reports also disclosed excessive profits for some service providers.

The new requirements relating to procurement practices are intended to promote integrity, fairness, and accountability in the way goods and services are purchased under the program. In short, they will help to assure that the program gets what it pays for, and that it does not pay more than what is reasonable.

The standards also must ensure that procurements do not provide excess program income for nonprofit or governmental entities or excess profit for private for-profit entities. Procurement transactions between units of State or local governments, and between administrative entities under the Act must be conducted on a cost-reimbursable basis. Finally, grantees and subgrantees are required to maintain constant oversight to ensure compliance with these standards.

The Committee recognizes that unless there is close monitoring of compliance and strong sanctions imposed in cases of noncompliance, these standards will not be effective. Therefore, the Committee bill also contains provisions that require the Governor to conduct annual on-site monitoring of each SDA and substate area to ensure compliance with the procurement standards. Where violations are found, the Governor is to require prompt corrective action and impose specified sanctions if such corrective action is not

taken. The Governor must biennially certify to the Secretary that the procurement standards have been implemented, that the State has satisfied the monitoring requirements, and that appropriate actions have been taken in instances of noncompliance.

If the Secretary determines that the Governor has not fulfilled the requirements relating to the procurement standards, the Secretary must require prompt corrective action and impose specified sanctions where such corrective action is not taken. These requirements are intended to enhance the oversight of the program and compliance with procurement requirements throughout the JTPA system.

PROCUREMENT SANCTIONS

In addition, the Committee bill significantly enhances the sanctions available to the Governor where substantial violations of the Act, including violations of the procurement standards, are found. Under current law, the only sanction provided is that the Governor may revoke approval of the local job training plan. However, the severity of this sanction limits its usefulness, since even if applied it may result in depriving participants of important services. In order to provide additional enforcement tools and to ensure that sanctions are applied where there is a substantial violation, the legislation requires that if such a violation is found and corrective action is not taken by the SDA, the Governor must either revoke approval of the plan or impose a reorganization plan.

The imposition of a reorganization plan, which is similar to the authority provided to the Governor where there is a continued failure to meet performance standards under section 106, may include: restructuring the PIC, prohibiting the use of certain service providers, selecting an alternative administrative entity, merging the SDA into another existing SDA, or any other appropriate change. If the Governor fails to take either of these actions, then the Secretary must step in and take such actions. These provisions provide a realistic, flexible and effective array of sanctions that are intended to deter violations and to ensure that when violations of the Act do occur, they are quickly and satisfactorily remedied.

PROGRAM INCOME

The Committee has been informed of instances where net income and interest earned by public or nonprofit entities from JTPA funds have been misused. In order to prevent such misuse, the Committee bill revises the existing law's provision to clarify how such funds are to be spent, defines program income for purposes of the Act, and requires records to be maintained to establish compliance. The revised provision only allows program income to be retained by public or nonprofit entities if such income is used to continue to carry out the program as authorized under JTPA. Such continued use is permissible, as under current law, even if financial assistance for the program has expired.

Program income is defined to include receipts from goods or services provided as a result of activities funded under JTPA, funds provided to a service provider which are in excess of costs; and, except as provided by the Cash Management Improvement Act of

1990, interest earned on funds received under JTPA. On the letter point, in case the regulations promulgated by the Treasury Department under the Cash Management Improvement Act are official to the use of interest income (below the State level) to substate public and private non-profit entities, such Act would be the applicable law. Otherwise, this provision of JTPA is to govern the use of such interest income. Finally, this provision requires that each entity maintain records sufficient to determine the amount of income received and the purposes for which such income is used.

ON-THE-JOB TRAINING

The Committee recognizes that on-the-job training (OJT) is an important approach to training JTPA participants, but a number of significant restrictions need to be placed on the use of OJT to curb abuses that have been identified by the GAO and the Department of Labor's IG.

The Committee bill provides that a recognized reference work, such as the Dictionary of Occupational Titles, must be used in establishing the duration of each OJT opportunity, so that a consistent rational method for determining the appropriate duration of training is applied. However, in no instance may training exceed six months. Each training opportunity should be structured to meet the specific training needs of a participant. The duration should reflect both training needs that much be met and the experience and background of the participant. The Committee emphasizes that OJT agreements are to focus on training content and, when appropriate, encourages employers to provide training to participants in the context of the overall training normally provided their work force.

The Committee bill requires that each OJT contract specify the types and duration of training to be developed and other services to be provided in order to assure that proposed costs are reasonable. The Committee fully expects the elimination of the abuses identified by the GAO in which training was approved for longer periods than the occupation required.

The Committee recognizes that the purpose of OJT is to enable employers to provide necessary training for regular jobs and fully expects that participants who successfully complete OJT would normally be retained in permanent employment. Employers who have exhibited any pattern of failing to provide participants with continued long-term employment, or employment in which the wages and benefits are not at the same level as other employees similarly situated, shall not be eligible for additional OJT contracts. Long-term employment, in OJT cases, should be considered a minimum of six months.

The Committee will expect the Department of Labor and the General Accounting Office to follow-up and monitor up for one year after OJT participation the continued employment of individuals who have been OJT participants. The Committee will expect reports on the percentage of such participants who have been retained in employment for both six months and one year.

It is the Committee's intent that the Secretary develop strong regulations regarding OJT related to employer retention of partici-

pants and the provision of benefits, by monitoring closely the use of OJT in the JTPA system to ensure that all past abuses have been addressed pursuant to this legislation.

In developing regulations concerning on-the-job training contracts, the Department of Labor is expected to take into account the recommendations submitted by the Department's Inspector General in 1989.

DEMAND OCCUPATIONS

Training shall only be provided for occupations for which there is a demand in the area where the eligible participants will be seeking employment. Accordingly, when entering into arrangements with training providers, the administrative entity should consider those programs that provide training in occupations and sectors in the economy that have a potential for demand and growth. Understanding local labor market opportunities is must be a crucial factor in selecting training programs in each service delivery area.

DEFINITIONS OF PLACEMENT AND TERMINATION

In the absence of uniform definitions of placement and termination, performance standards fail to accurately measure job placements. H.R. 3033 directs the Secretary of Labor to establish such uniform definitions. The bill also requires that the placement definition be used to determine credit for employment obtained in occupational areas related either to training or training-related services provided by programs operated under this Act.

The creation of such a uniform definition is designed to encourage employment, to the extent practical, in an occupational area at least indirectly related to training or training-related services, but not discourage the provision of basic skills training which has wide applicability to employment.

The Secretary should develop, in consultation with the Governors and SDAs, definitions of the term "practicable" and "job areas related to training" and provide guidance to states and SDAs on the types of placements that will receive placement credits. Further, it is not the legislative intent that the placement standard be used as the basis for an audit exception.

EMPLOYMENT

The Committee does not want to discourage part-time employment—a necessary option for some participants, including older workers, welfare mothers, displaced homemakers and youth. However, in an effort to establish more uniformity in the definition of employment, the bill requires that an individual be employed at least 20 hours per week before a job placement can be credited for purposes of performance standards measurement. This minimum hourly requirement should reduce the occurrence of casual or intermittent employment discouraged in JTPA as not furthering a client's long-term employability.

PARTICIPATION DEFINITION

The Committee is aware of the practice of some SDAs holding individuals in a pattern in which services are being provided although the eligible individual is not enrolled as a participant. The individual is subsequently "enrolled" as a participant when it is clear that placement in private sector employment has occurred or is imminent, or that the participant is likely to complete a training activity. The Committee strongly objects to any such practices, which seriously undermine the intent of the legislation relating to serving the hard-to-serve and the measuring of performance.

FIXED UNIT PRICE CONTRACTS

The cost accountability issues in JTPA are numerous and complex. As such, they have been the focus of a number of audits performed over the past 4 years. Perhaps the most far-reaching and serious of these issues is the JTPA system's use of fixed unit price, performance-based contracting (FUPC) to circumvent the current 15 percent statutory limitation on administrative expenditures.

In passing JTPA in 1982, Congress wanted to minimize expenditures for program administration and maximize expenditures for training. To accomplish this, section 108 of the Act limited SDA administrative costs under title II-A to 15 percent and limited the combination of administrative and participant support costs to 30 percent. The Act directed local SDAs to spend at least 70 percent of their funds on training activities.

To comply with these statutory limitations, the Department of Labor (DOL) issued regulations requiring costs to be charged against three categories: training, participant support, and administration. In these regulations, DOL also allowed all costs to be charged to the training cost category under certain conditions. These conditions were that the governing agreement had to (1) be for training; (2) be fixed unit priced; and (3) stipulate that full payment for the full unit price was to be made only upon completion of training by a participant, and upon placement of the participant into unsubsidized employment in the occupation for which training had been provided, at a wage not less than that specified in the agreement. Several key terms in the statute were not clearly defined in these regulations. As a result, numerous states and SDAs came to define all activities in a contract as training (including administrative and overhead activities).

States and SDAs began to operate more and more of their program through use of FUPCs. The advantage for the SDAs was that they could "convert" additional administrative and support costs in such contracts into training by virtue of these regulations. Service provider contractors also saw an advantage in operating through FUPCs. Generally, FUPC contractors were not required to keep records of their expenditures as a trade-off for assuming the risk of payment only for performance.

Unfortunately, because of the attraction of this method of contracting for the SDAs, the procurement processes established were lax, assumed few contractor risks, and often produced excessive contractor profits. This risk avoidance and ability to profit stemmed largely from the lack of sound procurement systems re-

quiring such basic practices as competitive bidding and analysis of contractor costs and prices before awarding contracts.

In March 1989, DOL issued a policy interpretation for FUPC. However, the IG still contends that some states have decided not to adhere to the interpretation's additional requirements, because the interpretation was issued as a program guidance letter and does not have the force of statutory law. H.R. 3033 codifies this policy interpretation, in addition to addressing each of the abuses cited in recent IG reports.

The Committee does not intend to eliminate FUPCs from the JTPA system and thus lose the benefits the program receives through their performance-based application. With the application of good procurement systems, FUPCs can be effectively used. It is the single unit charging of such contracts that the Congress objects to and seeks to restrict.

H.R. 3033 would effectively eliminate the "single unit charge" to the training cost category for all but very limited circumstances involving tuition charges and off-the-shelf training packages.

CHARGING OF COSTS

H.R. 3033 revises current law relating to JTPA Title II cost limitations to promote the objectives of ensuring most of the program's resources are devoted to the provision of direct training to participants and prevention of excessive administrative expenditures. Under current law, SDAs must spend at least 70 percent of their funds on training activities, with a maximum of 15 percent on administration, and the remainder on support services.

The Committee is concerned that the current cost category of "training" is overly broad and includes many services that do not provide skills training to participants. Under the current limitations, there is no assurance that the program's resources will be primarily devoted to the types of training that are most likely to enhance the long-term employability of participants. To address this concern, the Committee bill revises the categories to include a direct training category, a training-related and supportive services category, and an administrative category. The Committee believes separating direct training from training-related services is essential to improving the quality of services that are provided to participants and to identify clearly those costs associated with actual training.

This bill proposes that a minimum of 50 percent be spent on direct training activities, a maximum of 20 percent on administration, and the remaining 30 percent or less on support services and training-related activities. Each of these categories includes a list of services. The new training category includes work experience, counseling, assessment, and case management. However, assessment performed prior to program participation should be charged to the administrative cost category. The support services definition includes financial assistance to individuals.

The increase in the limitation on administrative costs from 15 to 20 percent is in recognition of the increased administrative responsibilities that will result from this bill, including the increased monitoring of compliance with fiscal requirements, the arrange-

ments of linkages with other programs, and the arrangements for the provisions of more comprehensive and intensive services to a harder-to-serve population.

In combining supportive services with training-related services. it is not the Committee's intent to shortchange support services, which is a separate category under current law. The Committee is very serious in its intent to target this program better and recognizes that a critical component in doing so is to encourage the use of supportive services. Without the use of a variety of supportive services, those with multiple barriers to employment will have extreme difficulty in completing long-term, comprehensive training programs. Some of the most important of these services include: financial incentives, transportation, child care, drug and alcohol abuse counseling, and follow-up services. In the legislation, supportive services are emphasized repeatedly, and the Committee strongly urges their use.

The Committee bill requires that the Secretary define each of these cost categories by regulation and that such definitions be consistent with how authorized services are categorized in the revised sections 204 and 274 of the Act. These requirements are intended to promote clarity and consistency in the classification of costs.

The Committee bill requires, with limited prescribed exceptions, what all expenditures under JTPA be charged to the appropriate cost categories. This requirement is intended to address a significant concern of the Committee, as exemplified by the widespread use of fixed unit price, performance-based contracts in the JTPA program. Under such contracts, if certain performance conditions were met, the provider may charge all costs to the training cost category and are not required to identify the proportion of costs attributed to administrative and supportive services. The effect has been to allow providers to avoid the cost limitations and reduce the proportion of funds used for training. Requiring all expenditures to be charged to appropriate categories will restrict this practice, improve program accountability and help ensure adherence to the newly established cost limitations.

Under current law, commercial training packages are the only exception to the prohibition on single unit charges. The Committee bill specifies that tuition charges may also be single unit charges. The Committee recognizes that tuition is a cost normally assessed by an education or training institution as an aggregate sum for all costs incurred without segregation of cost components.

With respect to community-based organizations which agree to use at least 90 percent of program funds for direct training and training-related and supportive services, the funds for administering the program (up to 10 percent) shall not be charged against and subject to the limit on the administrative cost category otherwise applicable to each service delivery area's allocation. Instead, the community-based organization's costs of administering such programs shall be charged against the direct training or training-related and supportive services category ratably based on the proportion of non-administrative funds used for each such category. Service delivery areas must still assure that, from the total allocation for the entire area, at least 50 percent of total allocations will be used

for direct training, when all of the SDA's program funds are taken into account.

COST LIMITATIONS

The Committee bill applies cost limitations to funds "allocated for any program year" rather than to "available" funds under current Title II law, or "expended" funds under current Title III law. This change is intended to clarify that the limit applies to funds allocated for a program year and continues to apply to the same year's allocated funds over the subsequent two years during which those funds are authorized to be expended.

Some confusion has arisen over the term "available funds" under Title II as to whether the limitations apply to new funds, consisting of carry-in funds plus the new program year's allocations, available for each year. This is not the Committee's intent, and the new legislative language, complemented by the recordkeeping provision added in section 165 requiring that records be maintained showing program costs in appropriate categories by year of appropriation, should clarify this requirement.

ADVANCE PAYMENT METHOD

The Committee recognizes that nonprofit organizations often lack the financial resources to fulfill the requirements of a contract under JTPA, if the payment for services to the nonprofit contractor does not occur until after services are initiated. Advance payments of up to 20 percent of the contract total should be made available to nonprofit organizations that have demonstrated effectiveness in the performance of the types of services to be provided under the terms of the contracts.

THE SINGLE AUDIT ACT

DOL, along with numerous other Federal agencies, relies heavily on single audits authorized in the Single Audit Act (SAA), because it is the only audit coverage most DOL recipients and subrecipients receive. The Secretary of Labor primarily relies upon single audits when reporting annually to the President and Congress on DOL's systems of internal accounting and administrative controls. Such reporting is required by the Federal Managers' Financial Integrity Act (FMFIA).

In the IG audits on the effectiveness of the SAA in providing coverage to DOL funds, it was found that limitations in the coverage provided by JTPA were caused by incompatibility between the provisions of the SAA and the program's service delivery system. The IG found that the financial information contained in single audit reports was often too consolidated or, at times, inaccurate to benefit Federal report users. For example, 35% ($768 million) of JTPA expenditures either were not audited or received very limited audit coverage.

While the issue of SAA viability is not addressed in the bill, the Committee recommends appropriate legislative review of the single audit requirements to make the SAA more compatible with programs such as JTPA.

PERFORMANCE STANDARDS

Section 106 of JTPA states clearly that Congress recognizes that "job training is an investment in human capital and not an expense." The measurement of the return on this public investment is critical, not only for the overall program, but for the individual participants whose achievements are reflected in that measurement.

The goals which Congress originally established for training programs for adults—increased employment and earnings and reduced welfare dependency—have served the program and its participants well. These program objectives reflect the positive outcomes that Congress envisioned when JTPA was first enacted. The Committee reported bill will refocus the program on serving a more disadvantaged population with a greater need for the services that JTPA offers. The Committee recognizes that this population will require more than just a job placement, more than just job seeking skills, indeed more than training in job-specific skills. Consequently, H.R. 3033 includes a new program design emphasizing the provision of basic skills, including both educational and occupational enhancement.

The Committee believes that the measure of performance for adults should also acknowledge the importance of attaining and enhancing these skills. For this reason, H.R. 3033 modifies current performance standard requirements for the adult program by adding as a basic measure of performance the acquisition of an academic credential (i.e., a high school diploma or its equivalent) and those basic education and occupational skills needed to promote long-term employability, job placement and retention. However, the primary goal of JTPA for adults remains job training, and outcome measures should reflect this goal. Therefore, the Committee bill allows additional credit for those programs that produce an increase in participants' basic education and occupational skills, when such skill enhancements are combined with an increase in employment and earnings or a decrease in welfare dependency.

The measure of performance for youth programs, however, should recognize the full range of service and training options available to enhance a youth's basic educational and occupational skill attainments. For this reason, H.R. 3033 modifies the performance standards requirements for the youth program by adding, as a basic measure of performance, dropout recovery and prevention.

H.R. 3033 amends adult and youth performance standards to include employability competencies, such as the attainment of a high school diploma or its equivalent. The bill mandates that each Governor adjust the standards to reflect economic, geographic, demographic and other different factors in state, and SDAs.

JTPA performance standards must also promote the consistent and routine delivery of effective, higher quality services to a less employable population. The Committee believes that establishing longer-term measures of labor market success such as post-program employment, earnings and job retention should help to accomplish this goal.

PERFORMANCE INCENTIVE GRANTS

H.R. 3033 changes the incentive grants distributed by the States to emphasize exceeding performance in services to the hard-to-serve or those with additional barriers to employment. Another major step in redirecting the JTPA system toward providing more intensive services to harder-to-serve participants is the elimination of costs as a basis for awarding incentive payments to SDAs. Experience shows that basing incentive payments on exceeding cost standards may have rewarded the cheapest, and not the highest quality services.

Additionally, State policies that emphasize exceeding cost standards unintentionally have led SDAs to serve fewer welfare recipients and dropouts and to design short-term, less comprehensive service strategies. The Committee continues to recognize the need for cost effective programs and intends that all levels of the system—federal, state and local—continue to monitor program costs carefully to ensure fiscal accountability and sound program management. However, such criteria should not be the basis on which performance incentives are rewarded.

The Committee believes that incentive payments can be an appropriate and effective tool in inducing the JTPA delivery system to emphasize desirable program goals. Therefore, the bill specifies that incentive grants shall be awarded to SDAs that exceed performance standards, while also exceeding those established for services to hard-to-serve populations. Acknowledging the importance of high wages and employer benefits as a critical factor to a person's self-sufficiency, it is the intent of this Committee to focus rewards on both post-program earnings exceeding standard levels and placements in jobs with employer-assisted benefits, including health benefits.

The Committee acknowledges the role that performance standards can play in supporting State goals and priorities, such as promoting coordination with other human resources, provision of high quality services, and successful service to the target groups. However, in order to ensure that most of the incentive funds are awarded on the basis of the national standards, this bill limits to 25 percent the total amount of incentive grants that can be directed to additional performance standards established by Governors.

FAILURE TO MEET PERFORMANCE STANDARDS

As rewards help to promote performance which is supportive of program goals, sanctions can help to minimize prolonged underperformance. Although Governors initially were given wide discretion in their authority to impose sanctions, this has been exercised rarely in JTPA. In the absence of any guidance, most Governors are unwilling to impose stringent sanctions. For this reason, the Committee has directed the Secretary of Labor to develop uniform criteria and procedures for States to follow in determining whether an SDA fails to meet its performance standards and under what circumstances and during what time-frame the appropriate remedial action should be taken.

JTPA was one of the first Federal programs to focus on outcomes from the programs conducted under its authority. The system by

which these outcomes are measured has been progressively modified and fine-tuned to reflect what has been learned over the course of the eight years since JTPA was enacted.

These amendments make changes in the underlying authorization for the performance standards, and also require that the Secretary establish criteria by which it can be ascertained whether an SDA has failed to meet such performance standards. There are many reasons why performance standards are not met, and the Committee is concerned that appropriate intervention be provided to enable SDAs to obtain satisfactory outcomes from their activities and services.

For this reason, the bill requires several actions on the part of the States. First, the State shall provide for variation in the performance standards applied to the SDAs across the State based on factors reflecting the economic, geographic or demographic environment of the SDA, on the characteristics of the population to be served, or on demonstrated difficulties in providing services to the eligible population. Second, each State is to report to the Secretary the standards applied to, and the performance of, each SDA, and to inform the Secretary as to its plan for providing technical assistance to SDAs that fail to meet performance standards.

WITHHOLDING OF FUNDS

If the State fails to implement its plan for technical assistance, and (as provided for under section 106) an SDA fails to meet its performance standards for two consecutive years and has not received the technical assistance that is required under the Act to be provided by the State, then the Secretary can withhold or recapture up to one percent of the State administrative funds.

The Committee wants to emphasize that States must provide technical assistance in order to help SDAs meet their performance standards. Further, the Committee does not want SDAs to be penalized, or program participants to lose access to services, because the State has failed to provide the necessary technical assistance. For this reason, the funds withheld are from the State administrative monies and not from program funds. Additionally, the Committee intends that the amount of money withheld be in proportion to the amount of technical assistance and other assistance that has to be provided to the affected SDAs, but in no event should this be an amount greater than one-fifth of the 5 percent set-aside for State administration.

Similarly, if the Secretary has to implement a reorganization plan, including the selection of an alternative administrative entity, funds withheld or recaptured from the State administrative funds (as previously described) may be used to provide technical assistance and training in order to assure an effective transition during the reorganization. The importance of these provisions cannot be over-stressed. In view of the goals and priorities of the JTPA system to provide high quality services to the most disadvantaged, there must be a way to assure that sufficient assistance is provided to enable SDAs to meet their performance standards; and, if they cannot fulfill that mission, to reorganize the system in such

a way that they will be met, and services will be provided in an effective manner.

The Governor is required to notify the Secretary of continued failure (2 program years) along with plans for reorganizing and restructuring the SDA and the private industry council. If the Governor fails to address the SDA's failure to meet performance standards, the Secretary shall withhold one-fifth of the five percent state administration set-aside to provide these services.

STATE SET-ASIDES

Of the funds appropriated for Title II–A and II–C, 19 percent will be set-aside at the state level for the following activities: 6 percent for incentive grants to local SDAs that have exceeded all performance standards while also exceeding performance standards for the hard-to-serve; 5 percent for state administration and monitoring of programs; and 8 percent for state education coordination and grants.

EDUCATION COORDINATION SET-ASIDE

The Committee bill retains the 8 percent State set-aside for education coordination activities authorized in Section 123 of the current law. However, the Committee believes that these funds would be more effectively used if they were targeted to two areas of critical need: school-to-work transition, and literacy and lifelong learning. As the General Accounting Office has testified, while the United States has a worldwide reputation for providing its youth with extensive opportunities to attend college, it falls short in significant respects in employment preparation of non-college youth, most notably in equipping them with necessary literacy skills and providing them an effective transition from school to work. Many adults, too, lack the literacy and updated skills they will need for more complex and demanding jobs.

The Committee has revised the education set-aside program to require that the financial assistance the Governor provides to State education agencies be used for school-to-work transition programs that will encourage graduation from high school and raise achievement levels and literacy and lifelong learning programs that will enhance the knowledge and skills of the workforce. Up to 20 percent of the funds may be used to facilitate coordination of services to participants in such programs, including activities to establish and support a state human resource investment council authorized by Title VII of this legislation.

School-to-work transition programs must provide activities and services to encourage high school graduation and enable students to attain a high level of competency over essential subject matter; incorporate a work-based curriculum that links classroom learning to worksite experience and addresses practical and theoretical aspects of work; and provide opportunities for participants to obtain career-path employment and postsecondary education. Adult literacy and lifelong learning programs are to develop a comprehensive, integrated and coherent adult learning system to provide literacy training and learning opportunities to educationally or economically disadvantaged adults.

The Committee acknowledges that, because of the legislative emphasis on serving out-of-school youth, effective multi-year dropout prevention programs, which are jointly sponsored by PICs and local education agencies may face unintended funding disruptions. H.R. 3033 includes language that such an activity may be granted funding consideration under this State education coordination and grants set-aside.

As in current law, programs are to be conducted pursuant to agreements between the State education agency, other State and local agencies, and alternative service providers. The agreements are to provide for matching funds on a one-to-one basis. The Committee has added a requirement that the Governor's Coordination and Special Services Plan include a description of the programs to be carried out. Services may be targeted to groups whom the Governor determines require special assistance, such as offenders and veterans.

The Committee directs the Secretary to ensure that the governor, in allocating funds to state education agencies, shall not establish any requirements governing the distribution of these funds within the States. Furthermore, the governor shall not establish any additional requirements for the State education agency other than compliance with the provisions of JTPA.

STATE ADMINISTRATION

Governors are encouraged to use funds available under the 5 percent allotted for overall administration and management for "in-service" training and technical assistance to members of the State Job Training Coordinating Council, or the State Human Resource Investment Council, whichever may be appropriate.

OLDER WORKERS

The Committee heard testimony and received communication from across the Nation regarding the special employment and training needs of older individuals. Information has provided to the Committee which traced the history of Federal job training programs for older workers and the background of the current three percent state set-aside in Title II-A.

The bill balances the commitment to drive more JTPA funds to the local level for the delivery of services, with that of targeting funds. In order to assure that every SDA increases its attention to meeting the needs of older workers, the Committee bill requires that a minimum of 8 percent of the Title II-A funds available to each SDA be utilized for persons 55 years of age and older.

Although the funds for services to older workers have been redirected to the local level, the SDAs shall, when selecting services providers, give priority to those national, State and local agencies and organizations that have a record of providing high quality services to older individuals. SDAs are also permitted to pool these funds if they choose to utilize the aforementioned organizations or area agencies on aging to provide services to older individuals.

SELECTION OF SERVICE PROVIDERS

The Committee bill amends Section 107 of JTPA relating to selection of service providers, to specify that the Secretary may establish guidelines for the service delivery area's use in selecting service providers based on the demonstrated effectiveness of the agency or organization in delivering comparable or related services. The Committee intends that such guidance assist SDAs in choosing service providers that will give JTPA participants the types of training and assistance that will significantly improve their prospects for long-term employability. This is in accord with the Committee's intent to upgrade the quality of services provided to JTPA participants by all service providers under the program.

CONTRACTING

The Committee has received testimony stating that some SDAs have delayed the finalization of their contracts for months past the beginning of the program year, when generally the bulk of contracts are completed. In addition to addressing numerous procurement deficiencies, the Secretary should address these contracting delays in the regulations established for procurement reform.

PROHIBITED ACTIVITIES

The legislation prohibits the use of funds for activities such as: employment generating activities, economic development, revolving loan funds, contract bidding resource centers, and other activities that do not result in the direct creation of jobs which JTPA participants are placed. No funds may be expended for job creation activities unless and until they result in the direct placement and retention of JTPA participants. No funds under title II or III are to be used for foreign travel. No funds shall be used to assist or encourage business relocations. If such a violation is alleged, the Secretary shall consult with the appropriate labor, business, and public agencies in making a determination of whether a violation has occurred.

VETERANS

The Committee has increased the funding set-aside for veterans served under JTPA by 40 percent. The Committee believes this substantial increase is warranted by the number of veterans who have recently returned fro the war in Iraq. Numerous veterans, who were heralded by many as heroes, returned to long unemployment lines. The Committee contends that special consideration is necessary given the extenuating circumstances of the recent war.

UNIFORM DATA COLLECTION

The amendments would require improved and expanded data collection, particularly on sex, race, age and occupation. The cross-tabulation of various state and SDA produced data will also be required.

In September 1991, GAO completed a comprehensive review of racial and gender disparities in JTPA services. GAO found that State and Federal oversight activities were inadequate to identify

and address disparities in the services provided by SDAs to women and minorities, in part, because of the limited amount of data that the Department maintains on program participants.

In the States, the data on JTPA participants vary widely. In fact, for the purposes of its study, GAO found that only 16 states could provide data illustrating the services to specific demographic groups without creating duplicate counts.

GAO also found that data collected by ETA through the JTPA Annual Status Report (JASR) and the Job Training Quarterly Survey do not provide a basis for identifying service disparities. The data in the JASR cannot be used to monitor disparities because each activity is not cross-tabulated to participant demographic groups. The Quarterly Survey cannot be used because the data are available only as a national sample, and mask any disparities at the local level.

H.R. 3033 requires the States, administrative entities, and SDAs to maintain uniform and comparable management information systems in accordance with guidelines prescribed by the Secretary. The Committee understands that the Department is in the process of designing these data system upgrades, and urges the prompt implementation of these comparable data systems.

In developing such guidelines, the Committee expects the Secretary to establish a participant identification and description system to prevent double-counting of program participants. Such a system should provide instructions on determining the demographic characteristics, barriers to employment and the post-termination income of participants. Efforts which result in discouraging individuals from participating in program services under the Act must be avoided. These guidelines should also include the establishment of uniform definitions, and standardized data collection procedures and forms.

The Secretary should seek to ensure that the systems designed do not impose burdensome requirements on SDAs and service providers and where possible eliminate current unnecessary data records. It is not the purpose of these provisions to impose an additional level of reporting requirements on States, SDAs, and service providers. Rather it is the intention of the Committee that data collection procedures will be streamlined and that consideration will be given to collecting only the data that serve a useful purpose for planning, monitoring, and evaluating programs and developing methods that are not cumbersome to those providing data.

To ensure that these procedures are sensitive to such concerns, Section 27 of this legislation requires that such guidelines prescribed by the Secretary be developed in consultation with the State and local government (including SDAs and service providers) as well as the GAO. The Committee expects the Secretary to consult with GAO.

NONDISCRIMINATION REQUIREMENTS

In September 1991, the GAO completed a review of racial and gender disparities in services provided under JTPA. The GAO report found that, despite indication of disparities in the service delivery areas monitored, DOL's Directorate of Civil Rights has been

slow to identify the cause of these disparities or determine whether civil rights laws have been violated. According to the GAO, the Directorate has made monitoring visits to 26 state JTPA agencies and an SDA in each state since 1987. Of the 26 SDAs visited, only 16 could provide sufficient data to permit a disparity analysis and all 16 had disparities in at least some services. The Directorate, however, has not completed its analysis of these cases. The Directorate has sent formal letters of its disparity findings in two states; however, both cases are still pending. Moreover, while six states have been notified informally, the remaining eight have not received any notification; and not one of these cases have been resolved.

With regard to the two formal reports issued by the Directorate, GAO found an average of two years had elapsed from the date of the visit to the date of issue. As for the other states for which the Directorate has not yet issued formal reports of its findings, the time elapsed since they were visited by the Directorate staff ranges from one year to over three years.

At its July 17, 1991, hearing, the Committee on Government Operations was informed that the DOL never published or implemented final regulations that establish compliance and enforcement procedures for the nondiscrimination requirements in Section 167 of the Act. Consequently, JTPA administrators at every level have little guidance when discrimination or disparities occur in the field. DOL has had nearly nine years to publish and implement JTPA nondiscrimination regulations, but has failed to do so.

It is unacceptable that none of the discrimination cases investigated since 1987 has been resolved. Further, the period of time taken by the Directorate of Civil Rights to investigate such cases is unreasonably long. Therefore, the Committee expects the Secretary to ensure that the Directorate promptly investigate disparities which might represent violations of civil rights, make violation or non-violation findings promptly, and take immediate steps to enforce appropriate civil rights laws when violations are found.

The Committee recognizes that prompt action on such investigations may be difficult for the Directorate to perform, because the number of personnel assigned to JTPA nondiscrimination administration and enforcement is a fraction of the 60 full-time equivalent staff personnel currently available to the Directorate. For that reason, an amendment to Section 167 of the Act provides an authorization for salaries and expenses for the Directorate of Civil Rights to enable the Directorate to provide for an increase in additional full-time employees to ensure adequate compliance and enforcement of the nondiscrimination requirements in the Act.

Section 21 of H.R. 3033 requires the Directorate to include an annual report on JTPA nondiscrimination activity in the Secretary's annual report to Congress. This legislation requires the Directorate for Civil Rights to identify SDAs and States not in compliance with Section 167 of JTPA and to prepare a report to Congress detailing its efforts in making identifications and the results obtained.

This legislation will require the Employment and Training Administration to produce information in sufficient detail to provide the Directorate for Civil Rights the appropriate information to conduct its assessment and make its recommendations. Current survey

information is designed to produce national estimates of participant characteristics, activities, and outcomes and would be inadequate for this purpose. Collection of more standardized participant information, regularly reported, will permit special studies at the State and SDA level and more thorough monitoring of compliance with Section 167. The Committee expects the Secretary to ensure that the management information system used throughout JTPA maintains critical data in a uniform fashion and make it routinely available to those authorized by the Secretary.

In response to the Department's inaction, this legislation amends Section 167 of the Act to require the Secretary to implement final nondiscrimination regulations within 90 days of the enactment of the legislation.

TITLE III AMENDMENTS

The Title III dislocated worker program would be amended to change the cost category calculations to be based on "obligation" of funds, instead of "expenditures", as required under current law. The existing law has created significant planning problems, particularly for unexpected plant closures, since substate areas cannot be certain until the year has ended how much will actually be spent in each category. Therefore, the Committee bill applies the same limitation by program year of allocation to Titles II and III.

These changes strike an appropriate balance by allowing some flexibility in planning expenditures over the three-period JTPA funds may be expended, while clearly and strictly applying the limits to funds that can be tracked by year of allocation.

The Committee notes that at the time the reallocation provision based on expenditure was added to Title III of JTPA, approximately 60 percent of the Title III appropriated funds were being expended. As a result of that provision, Title III expenditures rose to 80 percent. In moving to obligation, instead of expenditure, the Committee expects that good management practices will continue and that the Committee will not again have to respond to a crisis of underexpenditure of Title III funds.

LABOR MARKET INFORMATION

The Committee recognizes the potential that administrative records hold for enhancing the Nation's Cooperative Labor Market Information Program, for providing more cost effective evaluation data on training and employment programs, and for broadening the scope of knowledge about the employment and earning paths of population groups experiencing employment difficulties.

A longitudinal database using administrative records can provide needed data on the effectiveness of vocational education and occupational training programs and may do so at much less cost than telephone surveys and other follow-up techniques. Administrative records also will enhance the information on dislocation produced by the Permanent Mass Layoffs and Plant Closing program.

To fully explore these possibilities, the Bureau of Labor Statistics (BLS) should do background research and engage in dialogue with the states to determine an acceptable means of operation of a longitudinal database of currently collected administrative records. The

Committee directs the Secretary to make available sufficient funds from discretionary accounts under the Act to enable BLS to begin this work, so the progress can be reported to the Congress by the date specified.

The Committee has received the findings of an extensive feasibility study conducted over the last few years by the National Commission for Employment Policy (NCEP) on the use of Unemployment Insurance (UI) wage-record data. This study has encompassed 20 states covering nearly one-half of all terminees from JTPA in 1987 and 1988. The study found that it is feasible and highly cost effective for many states to use the UI wage-record data for the post-program follow-up part of the JTPA performance standards. As a result, NCEP has recommended that states be given the option of replacing the telephone follow-up surveys on JTPA participants with UI wage-records. The Committee urges the Secretary to seriously consider the implementation of these recommendations, as an efficient way of tracking post-program participants.

CAPACITY BUILDING AND DISSEMINATION NETWORK

The Committee provides authority to the Secretary to establish a national computer-enhanced capacity building and information and dissemination network. This network shall be designed to enhance the effectiveness of and to strengthen the caliber of services provided through the various Federal, state, and local employment and training programs, including programs not authorized under this Act. To initiate and maintain this network, the Secretary may, on a competitive basis, coordinate a system of entities with current and specialized employment and training expertise, or award a grant or contract to a single entity.

The Committee recognizes the necessity of utilizing the latest computer-based technologies to implement and maximize the access to this network, instead of maintaining volumes of training materials or program models to collect on the bookshelves of job training personnel. Instead, job training professionals will be able to access such materials by using computer and modem.

The Committee also recognizes that the more than twenty-five years of experience and expertise of the Job Corps should be considered in the development of this network. Staff at Job Corps centers should have access to the network, and, where applicable, the Job Corps education and training materials and systems should be made available through this network.

It is the Committee's intent for this network to be widely accessible to the staff of related human investment service providers such as community based organizations, welfare/jobs, vocational education, and literacy programs.

COORDINATION WITH OTHER PROGRAMS

Coordination of related programs has been a long-standing goal of Federal employment and training policy; however, this goal has never been fully of consistently realized. JTPA has a number of provisions designed to achieve coordination, including the 8 percent State set-aside for education coordination.

Coordination is needed throughout the JTPA delivery system, at the State and local levels, and with other education and training programs. For example, in recent years Congress enacted major changes in the AFDC program to enhance the self-sufficiency of welfare recipients through increased training and related activities. When fully implemented, the Job Opportunities and Basic Skills Training Program (JOBS) could have significant implications for the JTPA system, which is already engaged in providing employment and training services. It is particularly important that these two programs be coordinated to assure maximum use of public resources on behalf of the AFDC population.

Job training services must also be coordinated with education and vocational education. The JTPA Advisory Committee recommended that the traditional distinctions between school-based education and job training services be blurred so that the two systems, together with employers and social service agencies, can develop comprehensive strategies for both in-school and out-of-school youth. Although this type of coordination was the purpose of the 8 percent set-aside, coordination with other programs and agencies should be a primary goal for the entire JTPA program.

The bill requires SDAs to establish linkages with other human resource programs. A description of such arrangements must be included in the local job training plan; and, if the plan does not comply with the criteria for these linkages, the Governor may disapprove the plan.

It is the Committee's intent that the Governor exercise reasonable judgment in determining whether the SDA made a good faith effort to make the appropriate agreements and arrangements to secure such linkages. These efforts should be taken into account in the governor's review of the plan. If the SDA demonstrates that such an effort has been made, the Committee does not expect that the Governor would disapprove the plan without first considering the local circumstances and the responsiveness of the related agencies to the SDA. Further, the Committee recognizes that in certain situations it would not be feasible to require the SDA to make arrangements with every related entity, and this factor should be considered as part of the SDA's overall effort.

Many of the education and training programs funded by the Federal government, such as the Adult Education Act, JTPA, the Vocational Education Act, and similar programs, play a critical role in ensuring that our Nation has the skilled workforce it needs to compete in the world economy. Increasing numbers of workers, particularly in older industrial areas such as Flint, Michigan, are finding that they need new skills to hold jobs in an increasingly technological workplace. The Secretaries of Education and Labor should support efforts to develop models where workers can access all these programs from a single source area. Such an approach is consistent with the Administration's recommendation in the America 2000 legislation, calling for the creation of skills clinics. Additionally, the Secretary of Labor pointed out the needs for helping the existing workforce acquire updated skills in the recent SCANS Commission report.

STATE HUMAN RESOURCE INVESTMENT COUNCILS

The Committee strongly supports the establishment of coordinated human resource development systems that provide quality services to clients, and believes the creation of State Human Resource Investment Councils will help to accomplish this. The legislation provides States with the option of combining existing advisory bodies into a single policy advisory body.

Much of what has been done in the Job Training Reform Amendments calls for greater coordination of the JTPA program with other human resource programs. The SDAs are being asked to develop linkages with related programs, particularly education, in order to provide more comprehensive and meaningful interventions for the participants in the programs.

With this overarching concern for coordination, the Committee included provisions for the creation of a voluntary State Human Resources Investment Council. The concept of a human resource investment council should not be confined specifically to any one piece of legislation. It is not the Committee's intent that any one legislative authority control the establishment or activities of a state council.

A number of States have already established a State level council to coordinate the activities of related human resource programs. The language in this bill is not intended to supersede such action, but rather to be supportive of it. The authority for a State Human Resource Investment Council is permissive. No State is mandated to establish one. The programs that would be included in the establishment of such a council are not designated in the bill. That decision is to be made at the State level and must be with the agreement of the administering agencies for the programs involved. The Committee does not intend that programs be included in the Council if their administering agency believes that it would be to the detriment of that program. However, the Committee expects that such a council would enhance program operations rather than detract from them.

Other than the authority the Council derives from the "parent laws" of the programs included under the Council, the Council is authorized to advise the Governor regarding the methods of coordinating the provisions of the various programs, and to advise on the development of standards and measures relating to the specific programs. No action by the Council can be inconsistent with the applicable laws for the programs covered by the Council.

Language is included specifying the categories of representation among the membership of the single council. The Committee intends that when determining the membership of the Council, the Governor take into account the programs being included in the Council, and include representation from each category stated in the bill.

Finally, the Committee intends that any programs included under a single State council contribute to the financing of such council from funds that are available for such purposes. Funding to support the functions of the Council should not be disproportionately borne by any one program, and if such programs are currently

funding a State-level council, the effort made toward the support of that council should be continued under the single State council.

The creation of such Councils should encourage and facilitate efforts to coordinate programs through policies such as: establishing common goals and objectives for human resource development programs, co-location of services, cross-training of staff, the provision of technical services to local human resource development providers, and the development of common administrative and programmatic procedures designed to improve delivery of services to clients.

The initiatives taken thus far by various governors, councils, administrators, state legislatures and civic leaders to establish these councils and the policy planning for workforce development systems are encouraging. This amendment should encourage similar efforts by other states. The Committee wants to encourage Federal agencies to contribute to the development of these councils and the policies that go with it, by providing financial incentives and needed regulatory flexibility.

INDIAN AND NATIVE AMERICANS

The bill retains the special programs in the Act for Native Americans and reaffirms their basic purposes. These programs are intended to permit Indian tribal governments and Indian and other Native American organizations to adapt the employment and training resources in the Act to the unique circumstances and needs of their people.

The Committee believes that a wide variety of needs has been well served by the broad flexibility permitted to Native American grantees in their choice of program services and activities. Grantees have used the resources available to them for many types of training, work experience and supportive services, as well as entrepreneurial training and development.

The provisions of the bill authorizing the Youth Opportunities Unlimited (YOU) program provide eligibility for Indian reservation and Alaskan Native village areas so that services for Native American youth may be strengthened as well.

In order for Native American programs to effectively meet Native American needs, these programs should be administered through a single organizational unit within the Department of Labor. This unit has the principal responsibility for program policy and administration, staffed with personnel with special expertise in Indian Affairs and qualified Indian and Native Alaskan people. It must work closely and cooperatively with the tribal governments and other Indian and Native American organizations that deliver program services.

The Secretary of Labor has established an Advisory Council to serve as a principal means of consultation with the constituency served by Native American programs. The bill provides permanent authorization for such an Advisory Council. This provision will enable the Council to be an active participant in the review of all aspects of Native American programs and their administration by the Department. The bill requires that all segments of the service population be represented on the Council. The Committee expects

the Secretary to give priority consideration to persons nominated for membership on the Council who have broad support in the Native American community.

This provision is intended to codify what is already in place with respect to the formation and membership of the Council. It is not the Committee's intent to require the Department to dismantle the existing Council.

MIGRANT AND SEASONAL FARMWORKERS

The Committee recognizes that section 402 of JTPA is the main vehicle for public investments in migrant and seasonal farmworker training. These investments assist farmworkers to secure stable employment both within and outside of agriculture. These programs target services to one of the more hard-to-serve and at-risk populations.

The Committee has been informed that the Department of Labor and the Department of Health and Human Services have inconsistent interpretations of OMB Circular A-122, relative to the use of grant funds to pay for costs associated with legal and other accounting fees during the process of grant audit resolution. The Committee has included bill language, for the purpose of Section 402 grantees, other small non-profit organizations, and non-reservation tribes and bands, intended to conform the treatment by the Department of Labor in the use of grant funds by such grantees with the interpretation of OMB Circular A-122 by the Department of Health and Human Services. The cost of maintaining such records and submitting such reports and reasonable accounting or legal costs, as may be necessary to reach a decision under Section 166 of JTPA, shall be authorized charges when incurred, and chargeable to any subsequent year's grant for the same purpose or purposes.

Section 402 grantees are currently designated every to years. The Committee has included language intended to ensure that once a Section 402 grantee has performed successfully under the terms of an existing grant agreement and has met the criteria of superior performance established by the Secretary through public comment, the Secretary may waive the requirement for competition for that grantee upon receipt from the grantee of satisfactory program plans for the two succeeding years.

The Committee bills includes language intended to ensure that the procedures used with the Section 402 grantee competitive process are consistent with the government's standard competitive procurement policies and that no entity competing for a grant be awarded points based on any non-competitive criterion. On those occasions where a grant designation is required during the two-year competitive grant period, an expedited process of competition, consistent with standard government procurement policies, should be conducted.

The employment of farmworkers on Christmas and other tree farms, fish farms, and fruit and vegetable processing operations has significantly increased, while other forms of agriculture employment have diminished. The Committee urges the Department to be responsive to these changes and to periodically update the

Section 402 regulations to recognize the changing nature of agricultural employment.

JOINT SDA AGREEMENTS

Service delivery areas generally do not serve eligible residents from other SDAs although there are limited exceptions under the current law. Nevertheless, the Committee is concerned about recent reports indicating that inner-city residents who reside in a city SDA may not be served by a county SDA even though the city is situated totally within the boundaries of the county. Often, county citizens who live within an inner city comprise a significant portion of a county's disadvantaged population.

A county service delivery area should have the flexibility to serve some of its neediest citizens as a supplement to the job training and employment efforts by a city service delivery areas. If there is mutual agreement, it makes little sense for a service delivery area (city or county) to be precluded from serving a substantial portion of its economically disadvantaged population. It may be beneficial for either the city or the county SDA to administer a specific training program and serve all eligible individuals in both SDAs. Therefore, the Committee bill provides for this flexibility.

JOB CORPS

The Committee bill increases the maximum age limitation for eligible Job Corps participants from 22 through 24. The older enrollees will often prove to be good mentors for the younger participants. The Secretary reports excellent results with older enrollees in Job Corps demonstration projects in 14 sites.

The Committee bill clarifies the long standing intent of the law that individuals who are participants in the Job Corps can concurrently or subsequently participate in Title II programs, and Title II participants can concurrently or subsequently participate in the Job Corps.

In increasing the limitations on nonresidential participants from 10 percent to 20 percent, the Committee encourages an increase in the enrollment of eligible participants who are single parents with dependent children. The Committee bill authorizes this increase in non-residential participants, as long as it does not result in a reduction of residential participants below the 1991 program year level.

The Committee bill codifies the language (contained in the Labor, Health and Human Services, and Education Appropriations bills since the mid-1980's) prohibiting the use of any funds under this Act to execute or carry out any contract with a non-government entity to administer or manage a Civilian Conservation Center of the Jobs Corps on public lands.

The Committee expects the Secretary, to the extent practicable, to make provisions for child care for the children of male or female participants at or near Job Corps centers. Every effort should be made to link with and utilize existing local resources. All enrollees who are dependent on or who have a history of abuse of alcohol or drugs should be provided counseling and referral to services necessary to prevent the continuation or recurrence or that dependency or abuse.

MANAGEMENT FEES

Currently, the U.S. Department of Labor has no consistent policy that establishes criteria for awarding management or administrative fees to nonprofit and for-profit contractors in the Job Corps program. All for-profit contractors receive management fees. A few nonprofit contractors receive small fees. The disparity exists because the determination to award management fees is made on a case by case basis by each individual contracting officer in Job Corps.

Not-for-profit contractors in Job Corps face risks and financial exposure comparable to their for-profit counterparts. As reported in the fiscal 1990 hearings before the Subcommittee on Labor, Health and Human Services, and Education of the Committee of Appropriations, the Department of Labor has not treated not-for-profit Job Corps contractors in a consistent manner in their regional and national offices. One percent of the contract amount shall be a floor and not a ceiling for an equitable and negotiated management fee.

YOUTH OPPORTUNITIES UNLIMITED PROGRAM

The Committee recognizes that young Americans residing in communities with high concentrations of poverty often face overwhelming barriers to employment that persist even during periods of broader economic prosperity. The Committee also recognizes that those youths most likely to be shut out of the labor market, including but not limited to young minority men in poor neighborhoods, have been bypassed by JTPA programs and recent welfare reform efforts. In response to these concerns, the Youth Opportunities Unlimited (YOU) program seeks to ensure access to education and training for youth in high poverty areas.

The YOU program builds upon the concept of ensuring access that was advanced in the youth entitlement proposals, considered by this Committee in previous Congresses, but places increased emphasis on education and training services and remains within the constraints imposed by the annual appropriations process. The YOU program also draws heavily from recommendations advanced by the William T. Grant Foundation Commission on Work, Family and Citizenship in its "Fair Chance" proposal for expanding the education and employment opportunities of non-college bound youth. By adopting an incremental approach that moves in the direction of guaranteed access, the YOU program begins to respond to the repeated warnings of business leaders and Administration officials that America will be unable to compete in the 21st century unless every young person—including every youth in our poorest communities—is prepared to contribute as a talented and productive worker.

The YOU program addresses several other important national goals. By channeling modest discretionary funds directly to the poorest communities with the most persistent employment problems, the YOU program reinforces and enhances other efforts by the Committee to improve the targeting of scarce JTPA resources. The YOU program also promotes the development of integrated, coordinated service delivery at the local level by requiring commu-

nities to draw upon existing resources and providing federal matching funds to fill major gaps in existing services. A core set of education, employment and support services will be provided to youths in participating communities, with an added emphasis on educational activities for those lacking a high school diploma or adequate basic academic skills.

In establishing the YOU program, the Committee intends to preserve the flexibility necessary for diverse communities to respond to their unique problems and needs. The Secretary of Labor also is required to provide technical assistance to participating communities, as well as to communities in need of assistance in preparing applications for YOU grants, in order to ensure that the broadest range of eligible communities are able to participate in the YOU program.

Finally, the Nation's economic and social well-being depends upon ability to develop mechanisms that ensure that every young person willing to participate in education or training has the opportunity to do so. The YOU program contains provisions for the thorough evaluation of activities undertaken by participating communities including an assessment of the feasibility of extending a guarantee of access to education and training to young people in every community across America.

The Federal grants will pay 35 percent of the cost of each YOU project, with the participating community providing matching funds from other Federal, state, and local or private resources. The Committee wants to encourage increased private, local, and state support for education and training programs in high poverty areas through these provisions.

The Committee accepted an amendment to expand the Youth Opportunities Unlimited Program to include a job guarantee for youth who have met prior school achievement and attendance requirements. This job guarantee should be awarded by a significant number of grantees.

All youth age 16 through 19 residing in the eligible area qualify for a job guarantee regardless of individual family income. Work hours are limited to 15 hours per week during the school year so as not to interfere with homework and extracurricular activities, but could be full-time during the summer. The job guarantee extends through the summer following high school graduation or when a student reaches age 19, whichever comes first.

The job guarantee amendment was developed from the youth incentive entitlement pilot project (YIEPP) in the youth part of CETA. YIEPP proved to be very successful in equalizing the youth unemployment rate for minority youth with that of white youth in poverty areas where YIEPP was implemented.

The Committee notes that we experienced the lowest summertime expansion in jobs for youth this past summer in 30 years. Youth unemployment is up 3 percent from a year ago. The number of youth looking for jobs was 580,000 higher than a year ago. This legislation will begin to respond to this need in a small way in poverty areas.

The authorization for the YOU program was set at $100 million to include sufficient funds for the job guarantee. The committee reported legislation also provides an additional poverty criterion for

eligibility, so that units of general local government whose ratio of the number of food stamp recipients to its population exceeds the state ratio of food stamp recipients to population by 30 percent or more will be eligible to apply. (In Puerto Rico, the food stamp program is known as the nutritional assistance program and that data should be used.) Food stamp data is current and consistently updated, whereas the census data is available every ten years and may be less accurate over time.

DISASTER RELIEF EMPLOYMENT

The Committee adopted the same amendment on disaster relief approved by this Committee last year which was included in H.R. 2039, passed by the House. The purpose of the amendment is to provide permanent authority to fund employment for disaster relief with an authorization of $15 million under Title IV of this Act.

Disaster relief is triggered when there is a determination by the President that an emergency or major disaster has occurred under 42 U.S.C.A. 5122 (1) and (2). The trigger for this program is far more limited than the one used by the previous and the present Secretary under section 323 of JTPA, requiring an agreement between the Secretary and the Governor that an emergency exists. The previous Secretary spent approximately $23 million on disasters. The current Secretary has spent $2.5 million for this purpose.

The previous Secretary allocated $5 million to South Carolina, $5 million to San Francisco, $3 million to Texas, $2 million to Puerto Rico, $2 million to the Virgin Islands, $800,000 to Florida, $750,000 to Alabama, $300,000 to Colorado, $300,000 to American Samoa, and $68,000 to North Carolina.

The current Secretary allocated $486,000 to Western Long Island, $454,000 to a Farmers Union in Illinois, $499,000 to New York City, $304,000 to a small business project in Atlanta, $354,000 to a project in Jackson, Mississippi, and $402,000 to a project in Muskegon, Michigan.

In approving the amendment, the Committee believes that this authority should be placed in Title IV and not in Title III, so that the Secretary's Title III discretionary funds would be used to respond to plant closings and activities for dislocated workers. In an emergency, if funds have not been appropriated for this part of Title IV, the Committee continued authority for the Secretary by extending the authorization for demonstration programs, including job creation, under Section 324 of JTPA which was to expire at the end of FY 1991, for 5 years.

VI. Congressional Budget Office Cost Estimate

In compliance with clause 2(l)(3)(C) of rule XI of the Rules of the House of Representatives, the estimate prepared by the Congressional Budget Office pursuant to section 403 of the Congressional Budget Act of 1974, submitted prior to the filing of this report, is set forth as follows:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, September 27, 1991.

Hon. WILLIAM D. FORD,
Chairman, Committee on Education and Labor, U.S. House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate of H.R. 3033, the Job Training Reform Amendments, as ordered reported by the Committee on Education and Labor on September 24, 1991.

Enactment of H.R. 3033 would not affect direct spending or receipts. Therefore, pay-as-you-go procedures would not apply to this bill.

If you wish further details on this estimate, we will be pleased to provide them.

Sincerely,

ROBERT D. REISCHAUER,
Director.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

1. Bill number: H.R. 3033.
2. Bill title: Job Training Reform Amendments.
3. Bill status: As ordered reported by the House Committee on Education and Labor on September 24, 1991.
4. Bill purpose: To establish programs to prepare youth and adults facing serious barriers to employment for participation in the labor force by providing job training and other services that will result in increased employment and earnings, increased educational and occupational skills, and decreased welfare dependency.
5. Estimated cost to the Federal Government:

[By fiscal years, in millions of dollars]

	1992	1993	1994	1995	1996
Youth opportunities unlimited:					
Estimated authorization level	0	100	103	107	111
Estimated outlays	0	3	73	98	106
Microenterprise grants:					
Estimated authorization level	0	5	5	5	5
Estimated outlays	0	(1)	4	5	5
Training network:					
Estimated authorization level	0	15	16	16	17
Estimated outlays	0	(1)	11	15	16
Disaster relief:					
Estimated authorization level	0	15	16	16	17
Estimated outlays	0	15	16	16	17
Total authorizations	0	135	140	144	150
Total outlays	0	18	104	134	144

(1) Less than $500,000.

Note.—The costs of this bill fall within budget function 500.

Basis of Estimate: All outlay estimates assume full appropriation of authorizations at the beginning of each fiscal year.

Except where noted, H.R. 3033 authorizes appropriations of specific amounts for fiscal year 1993 and such sums as may be neces-

sary for the succeeding fiscal years. Such sums authorizations have been estimated by increasing the amount specified for 1993 to reflect projected inflation. Estimated outlays reflect spending patterns of current or similar programs.

Youth Opportunities Unlimited: H.R. 3033 would establish a Youth Opportunities Unlimited program in Title IV-National Activities of the Job Training Partnership Act (JTPA). This program would increase access to education and job training to youth living in high-poverty areas and provide comprehensive education and training to disadvantaged youth who are undeserved by federal education and job training programs. The Secretary of Labor would award grants for the federal share of such programs to those service delivery areas located in high-poverty areas. This bill authorizes $100 million in fiscal year 1993 and such sums as may be necessary through fiscal year 1997.

Microenterprise Grants: This bill would establish a Microenterprise Grants Program in Title IV of the JTPA. This program would allow the Secretary of Labor to make 10 grants of not more than $500,000 per year. The grants would be used to implement and enhance community-based microenterprise activities. H.R. 3033 would authorize $5 million in fiscal year 1993, 1994, 1995, 1996 and 1997 for this program.

Training Network: H.R. 3033 would establish a Capacity Building and Information and Dissemination Network within the Department of Labor. The Network would enhance the effectiveness of and strengthen the caliber of services provided through various Federal, State, and local employment and training programs. The Secretary would award grants or contracts to groups with current and specialized employment and training expertise. This bill authorizes $15 million in fiscal year 1993.

Disaster Relief: This bill would establish a Disaster Relief program in Title IV of the JTPA. The Secretary of Labor would allocate funds to the governor of any state that has suffered a major disaster as defined in the Disaster Relief Act of 1974. The funds would be used exclusively to provide employment on projects that provide food, clothing, shelter, demolition, clean-up, renovation, and other related disaster relief measures. H.R. 3033 would authorize $15 million in fiscal year 1993. The funds would remain available until expended.

Youth Programs: In addition to the creating new programs, H.R. 3033 would establish a youth program to be Part C off Title II—Block Grant of the Job Training Partnership Act. This program would be year-round and targeted at economically disadvantaged in-school and out-of-school youth. There would be no new authorization funds. Currently, Part A of Title II provides year-round programs for both adults and youth. Forty percent of the funds are spent on the youth programs. H.R. 3033 would authorize the transfer of those funds to Part C of Title II. The funds would continue to be spent at the current rate. There would be no increase in authorizations or outlays above the CBO baseline level.

6. Pay-as-you-go considerations: None of the provisions of H.R. 3033 would affect spending or receipts. Therefore, this bill has no pay-as-you-go implications.

7. Estimated cost to State and local government: The Youth Opportunities Unlimited program allows for a maximum of 50 percent of the project to be federally funded. The remaining costs must be assumed by state and local governments, or private entities. The Microenterprise Grant program requires that a state provide an amount equal to 100 percent of the grant from non-federal sources to be eligible to receive a Microenterprise Grant.

8. Estimate comparison: CBO prepared an estimate of S. 543, the Job Training and Basic Skills Act of 1989, as ordered reported by the Senate Committee on Labor and Human Resources on July 26, 1989, CBO also prepared an estimate of H.R. 2039, the Job Training Partnership Act Amendments of 1990, as ordered reported by the House Committee on Education and Labor on July 31, 1990. The estimates in this bill are similar to those for S. 543 and H.R. 2039.

9. Previous CBO estimate: None.

10. Estimate prepared by: Cory Oltman.

11. Estimate approved by: C.G. Nuckols (for James L. Blum, Assistant Director for Budget Analysis).

VII. Committee Cost Estimate

With reference to the statement required by clause 7(a)(1) of rule XIII of the Rules of the House of Representatives, the Committee accepts the estimate prepared by the Congressional Budget Office.

VIII. Inflationary Impact Statement

Pursuant to clause 2(l)(4) of rule XI of the rules of the House of Representatives, the Committee estimates that the enactment of H.R. 3033 will have no inflationary impact on prices and costs in the operation of the national economy. It is the judgment of the Committee that the inflationary impact of this legislation as a component of the Federal budget is negligible.

IX. Oversight Findings of the Committee

With reference to clause 2(l)(3)(A) of rule XI of the rules of the House of Representatives, the Committee's oversight findings are set forth in the Background and Need for the Legislation section of this report. No additional oversight findings are applicable at this time.

X. Oversight Findings and Recommendations of the Committee on Government Operations

In compliance with clause 2(l)(3)(D) of rule XI of the rules of the House of Representatives, no findings or recommendations by the Committee on Government Operations were submitted to the Committee with reference to the subject matter specifically addressed in H.R. 3033. Note the discussion of hearings of the Committee of the Committee on Government Operations under heading of "Improving Quality" and "Nondiscrimination Requirements."

XI. Section-by-Section Analysis of H.R. 3033, as Reported

SECTION 1—SHORT TITLE

Cited as "Job Training Reform Amendments."

SECTION 2—TABLE OF CONTENTS

Sets forth table of contacts.

SECTION 3—DECLARATION OF POLICY AND STATEMENT OF PURPOSE

To establish programs to prepare youth and adults facing serious barriers to employment for participation in the labor force by providing job training and other services which will increase earnings, raise skill levels and decrease welfare dependency. To increase available funds by not less than 10 percent each year.

SECTION 4—AUTHORIZATION OF APPROPRIATIONS

Authorizes such sums as may be necessary in FY 1993 and succeeding years for parts A, B, and C of Title II. Provides that not less than 7 percent of the amount appropriated for parts A and C of Title II shall be used to carry out national programs in part C, D, E, F, and G of Title IV for FY 1993 and succeeding fiscal years. From such amount, an amount equal to 7 percent thereof shall be reserved for part C, Veterans programs; $2,000,000 shall be reserved for the National Commission on Employment Policy; $6,000,000 shall be reserved for the mass lay-offs statistics program. Further authorizes $100,000,000 in FY 1993 and such sums each year thereafter through 1997 for the Youth Opportunities Unlimited program; $5 million for microenterprise grants in FY 1993–1997; $15 million for a capacity building Network in FY 1993 and each year thereafter; and $15 million for Disaster Relief for FY 1993 and each year thereafter.

SECTION 5—DEFINITIONS

Amends Sec. 4 of JTPA. Changes the definition of "displaced homemaker" to the definition in the Displaced Homemaker Self-Sufficiency Act (P.L. 101-554). Adds the term "basic skills deficient," defined as reading or computing skills at or below the eighth grade level on a generally accepted standard test or equivalent score on a criterion referenced test. The definition of "community-based orgar zation" is amended to include the Association of Farmworker Opportunity Programs, the Center for Employment Training, and organizations serving older workers. The Association of Farmworker Opportunity Programs, the Center for Employment Training, and the definition of "supportive services" is amended to include financial assistance, dependent care, drug and alcohol abuse counseling and referral, and individual and family counseling. Definitions of "participant," "termination," and "school dropout" are included.

SECTION 6—ESTABLISHMENT OF A SERVICE DELIVERY AREA

Technical amendment.

SECTION 7—PRIVATE INDUSTRY COUNCILS

Amends Sec. 102(a) of JPTA by including representatives of local welfare agencies.

SECTION 8—JOB TRAINING PLAN

Amends Sec. 104(b) on the service delivery areas (SDAs). Job training plans for adult and youth programs under parts A and C of Title II will contain: (1) identification of the entity which will administer the program and be the grant recipient, (2) provisions for coordinating service delivery areas and programs if there is more than one provider, (3) a description of methods of complying with the coordination criteria of the Governor's plan, (4) a description of efforts with other services to avoid duplication, (5) goals and objectives, (6) adult and youth program budgets for two years, (7) procedures for identifying and selecting participants, (8) a description of procedures and methods of carrying out Title V, (9) procedures for selecting service providers, (10) fiscal control and accounting and audit measures, and (11) procedures for preparing and submitting an annual report to the Governor.

SECTION 9—REVIEW OF PLAN

Technical amendment.

SECTION 10—PERFORMANCE STANDARDS

Amends Sec. 106 to require the Secretary of Labor, in conjunction with the Secretaries of Education and Health and Human Services, to establish performance standards. The standards for adult programs will be based on: (1) placement, (2) retention, (3) increase in earnings, (4) reduction in welfare dependency, and (5) acquisition of basic skills, high school diploma or equivalent. The standards for youth programs will include the same requirements, as well as the attainment of employment competencies; eighth grade, secondary and postsecondary school completion or equivalent; and enrollment in other education, training or employment programs, apprenticeships or enlistment in the Armed Forces. The Secretary of Labor shall ensure that the States and service delivery areas increase their efforts for hard-to-serve individuals.

The private industry councils (PICs), working with educational agencies, the private sector and appropriate community-based organizations, will determine levels for competency standards based on entry level skills and other hiring requirements. The Governor shall award incentive grants based on SDA overall performance, while also exceeding performance in serving the hard to serve using the standards established by the Secretary. Only 25 percent of incentive grants may be awarded based on the Governors additional standards, which must include additional standards targeting the hard to serve.

The Governor shall provide technical assistance to SDAs failing to meet performance standards. If an SDA fails to meet performance standards for 2 years, and the Secretary determines the Governor has not been providing technical assistance to adequately rectify the problems, the Secretary shall withhold up to 1 percent

of the 5 percent state administration funds. An appeals process is provided for the Governor.

SECTION 11—SELECTION OF SERVICE PROVIDERS

Amends Section 107 to provide that the selection of service providers be made on a competitive basis to the extent practicable. The entity administering the job training plan will consider the ability of potential providers to meet program design requirements in accomplishing the goals contained in the Governor's Coordination and Special Services Plan.

SECTION 12—LIMITATION ON CERTAIN COSTS

Amends Sec. 108(a) to establish new cost categories and cost limitations under Title II. Funding under parts A and C of Title II will be charged to one of these categories: administration, training-related and supportive services, or direct training services. This bill proposes a minimum of 50 percent be spent on direct training activities, a maximum of 20 percent on administration, and the remaining 30 percent or less on support services and training related services.

SECTION 13—RECAPTURE AND REALLOTMENT OF UNOBLIGATED FUNDS

Creates new Sec. 110 for unobligated funds in both SDAs and States. The amount available for reallocations is equal to the amount of unobligated funds in excess of 15 percent of the SDA's balance for the prior program year.

SECTION 14—GOVERNORS COORDINATION AND SPECIAL SERVICES PLAN

Amends Sec. 121(b) with a description of measures to be taken by the State to ensure coordination and avoid duplication between JTPA programs and JOBS in the delivery of services. The plan will describe the State's overall job training plan, detailing specific use of resources to increase capacity and effectiveness and will include the Governor's plans for technical assistance arrangements and, where applicable, research and demonstration projects.

SECTION 15—STATE JOB TRAINING COORDINATNG COUNCIL

Adds state agencies primarily responsible for administration of programs for older workers to listing of State agencies represented.

SECTION 16—STATE EDUCATION COORDINATION AND GRANTS

Amends Section 123. The state education agency shall use the 8 percent state set-aside funds to: provide school-to-work transition programs; provide literacy and lifelong learning opportunities; and coordinate education and training services.

The Governor must include a designation developed by the State education agency of the goals to be achieved and services to be provided by the State education agency in the Governor's Coordination and Special Services Plan, such as: activities and services increasing the number of youth attending school; school-to-work based curriculum; integration of service delivery between State and local

education agencies (LEAs) and alternative service providers; and linkages with other Federal education and training programs.

The plan will include outlines for literacy and lifelong learning programs receiving assistance including: activities that increase skills and lead to increased employment; proposed integration between these programs and the State plan; the locations where training will be provided; and the linkages to be established with other Federal programs.

A maximum of 20 percent of the funds may be spent on coordination of services, including activities pertaining to a State human resources investment council under Title VII, and a minimum of 80 percent will be used for school-to-work transition and adult learning activities. A minimum of 75 percent of the funds used for participant services will be used for economically disadvantaged individuals.

SECTION 17—ADDITIONAL AMENDMENTS TO PART B OF TITLE I

Replaces Section 124 which currently authorizes training for older workers. The revised adult Title II–A provides that a minimum 8 percent of each SDA's funds will be spent on individuals 55 or older. (See Sec. 203 relating to older workers). Creates a new Sec. 124 requiring the State and SDAs to identify any imposed requirements, regulations or performance standards relating to the administration and operation of programs.

SECTION 18—AMENDMENTS TO PART C OF TITLE I

Amends Section 141 to add that a breakdown of costs is unnecessary for tuition charges for services by postsecondary institutions if the charges are the same as those to the general public. SDA funds expended by a CBO shall not be subject to the 20 percent administration cap, if the CBO spends at least 90 percent of its funds on either training, training-related, or supportive services. This holds true as long as the SDA, itself, still meets the cost category limitations described in Sec. 108. An SDA may enter an agreement with another SDA to share training costs as long as the agreement is approved by the PIC or a representative.

Amends Section 141(g) to provide that on-the-job training (OJT) be a maximum of six months. OJT contracts shall be entered into only with employers who have demonstrated substantial long-term retention of OJT clients, and employment benefits, including health.

Amends section 141(m) to clarify that net income earned by a nonprofit entity from a JTPA program can only be retained if used for JTPA services, even if financial assistance for the program has expired.

SECTION 19—BENEFITS

Amends Section 142(a) to ensure that the minimum compensation available to trainees in Puerto Rico and American Samoa will be the applicable minimum wage rates under the Fair Labor Standards Act, rather than the higher "mainland rate."

SECTION 20—FISCAL CONTROLS; SANCTIONS

Amends Section 162. The Secretary, States, and SDAs may advance payments not exceeding 20 percent of the total contract, when contracting with nonprofit organizations of demonstrated effectiveness.

Amends Section 164(a) to require the States to establish fiscal control and finance accounting procedures to account for JTPA funds by using generally accepted accounting principles (GAAP). The Secretary shall prescribe uniform standards to ensure procurements are competitive, and include an analysis of the reasonableness of costs and prices.

Governors must annually conduct on-site monitoring to ensure compliance with procurement standards. The Governor shall biennialy certify to the Secretary that the State has implemented the procurement standards established by the Secretary and monitored and insured compliance. If the Governor fails to meet these requirements, the Secretary will require corrective measures, or impose sanctions.

The Governor has authority to revoke all or part of a job training plan or impose a regulation plan where substantial violations have been determined. Unless corrective action is taken, the Governor must either revoke approval of all or part of the plan, impose a reorganization plan which may include restructuring the PIC, prohibit the use of a service provider, or selecting an alternative administrative entity.

The Secretary shall submit a report to the Congress by October 1, 1994, evaluating the effectiveness of these provisions.

SECTION 21—REPORTS, RECORDKEEPING, AND INVESTIGATIONS

Amends Section 165(a) of the Act to require that JTPA recipients maintain and provide to the Secretary records of participants for the purpose of preparing program and financial data. Includes language to ensure public access to records.

Sec. 165(b) is amended to add that the Secretary, IG, or GAO must give advance notice at least 15 working days before an audit. Exceptions are made in cases such as possible criminal activity. In reports resulting from audits, the law or other applicable criteria on any finding must be cited.

Amends Sec. 165(c) by requiring States, administrative entities, and recipients to maintain management information systems designed to facilitate the uniform compilation and analysis of data, and to monitor the performance of service providers. Requires the retention of such records at each administrative level for a minimum of three years following the expiration of the grant.

Amends Sec. 167 by requiring the Directorate for Civil Rights of the Department of Labor to annually prepare a report on the administration and enforcement of this section regarding discrimination. Regulations concerning non-discrimination shall be published within 90 days of enactment of these amendments.

SECTION 22—REVISION OF TITLE II

Amends part A to establish the adult program

Proposed new Sec. 201—Statement of Purpose.—The adult program will establish programs to help prepare adults for participation in the labor force by increasing their occupational and educational skills with the goal of improving their long-term employability and earnings, and reducing their welfare dependency.

Proposed new Sec. 202—Allotment.—Only technical changes are proposed in the funding formula, including the exclusion of college students and individuals in the armed forces. Retains the 90 percent hold harmless for SDA funding and imposes 130 percent cap for SDA funding increases in a given year. The funding formula identifies need based on each SDA, unemployment and poverty, and continues the flow of funds through the states.

This section also includes the reservation of state set-asides which are: 8 percent for education coordination programs described in Sec. 123; 5 percent for state administration; and 6 percent for state incentives to SDAs. If the 6 percent incentive grants are not used for such purposes, the State may use up to 2 percent for capacity building and technical assistance.

Proposed new Sec. 203—Eligibility of Services.—To be considered eligible for the program, an individual must be 22 or older and economically disadvantaged. At least 60 percent of the participants in each SDA must also be included in one or more of these categories: basic skills deficient; school dropout; a welfare recipient; an individual with a disability; offenders; and homeless. A maximum of 10 percent of the participants may be individuals who are not economically disadvantaged if the individuals experience other barriers to employment.

SDAs must make specific efforts to serve eligible economically disadvantaged individuals 55 or older and spend a minimum of 8 percent of funds on these individuals. If an SDA does not spend 8 percent, the Governor shall recapture funds to be distributed to other SDAs to provide services, or to a different service provider within the original SDA. The state job training coordinating councils and the SDAs shall make special efforts to coordinate JTPA services to those 55 and older with services under title V of the Older Americans Act. When selecting service providers for programs for those 55 and older, SDAs should give priority to national, State, and local agencies which have demonstrated effectiveness in training older workers. The SDAs that use the services of area agencies on aging shall be able to combine funds with other SDAs to contract with such area agencies for services.

Proposed new Sec. 204—Program Design.—Each adult program shall include individual assessments, develop service strategies, and review individual progress. Basic skills and occupational skills training, and supportive services shall be provided to participants based on the assessment.

Each SDA shall ensure that applicants meeting the minimum income eligibility criteria are provided information on appropriate services. Assessment, counseling, case management, work experience, and school-to-work transition aid are among the direct training services applicable.

This section limits the use of funds for development of job openings. It also prohibits the use of funds for employment generating activities or economic development activities that do not result in the direct creation of jobs for program participants. There is also one provision for volunteer mentoring opportunities for JTPA alumni.

Proposed new Sec. 205—Linkages.—SDAs shall establish appropriate linkages with other programs authorized under Federal law, including programs under the Adult Education Act, the Perkins Vocational Education and Applied Technology Act and JOBS.

Proposed new Sec. 206—Transfer of Funds.—This section allows a SDA to transfer up to 10 percent of the funds available for adult programs to the youth program under part B, if the transfer is described in the job training plan and approved by the Governor.

Part B—Summer youth employment and training programs

Proposed new Sec. 251—Purpose.—To enhance the basic educational skills of youth, encourage school completion, or enrollment in alternative programs, and to expose eligible youth to the world of work.

Proposed new Sec. 252—Allotment and Allocation.—Appropriates funds to Territories and Native American Allocations. The technical changes to the formula are the same as those in Title II-AA, except that the economically disadvantaged formula factor is targeted at youth.

Proposed new Sec. 253—Use of Funds.—Funds may be used for a variety of training, education, support and follow-up programs. Each youth shall be assessed for basic skills and support service needs and have a service strategy developed.

Proposed new Sec. 254—Limitations.—These programs must be conducted during summer months or the equivalent. An individual enrolled in this program may be enrolled concurrently in other programs including: Job Corps, JOBS, alternative or secondary schools, or other education and training programs.

Proposed new Sec. 255—Applicable Provisions.—Each SDA shall establish written goals and objectives, including improving school completion, academic performance and employability skills and coordination with other agencies.

Part C—Youth program

Proposed new Sec. 271—Statement of Purpose.—Improve the long-term employability and educational achievement of youth.

Proposed new Sec. 272—Allotment.—The same technical changes are proposed in the funding formula for this part as those described in Sec. 202 of this analysis, except the economically disadvantaged formula factor is targeted at youth.

Proposed new Sec. 273—Eligibility For Services.—(a) An individual enrolled in school shall be eligible only if he/she is: aged 16 through 21, or if provided in the job training plan, aged 14 through 21; and economically disadvantaged or participating in a Chapter 1 program.

(b) A minimum of 60 percent of the in-school individuals, in addition to meeting the prior requirements, must also be included in one or more of the following categories: basic skills deficient; preg-

nant or parenting; below grade level; disabled; homeless or runaway; or offender.

(c) An individual out-of-school shall be eligible if he/she is aged between 16 through 21 and economically disadvantaged.

(d) A minimum of 60 percent of the out-of-school individuals must, in addition to meeting the prior requirements, be included in one of the following categories: basic skills deficient; dropout; pregnant or parenting; disabled; homeless; or offender.

(e) A maximum of 10 percent of youth who participate in the program may be individuals who are not economically disadvantaged if they face other serious barriers to employment.

At least 60 percent of the participants served under this part in each SDA must be out of school youth in each SDA. This minimum percentage may be reduced to a lower requirement (minimum 40 percent) if the Governor approves a request submitted by the SDA specifying an alternative requirement, as long as the SDA has a dropout rate of less than 10 percent. In addition, language has been included exempting students who participate in school-wide projects.

An individual does not need to demonstrate his/her economically disadvantaged eligibility, and may participate in a schoolwide project under this program if he/she is: enrolled in a public school which is located in a high poverty area; served by a local educational agency eligible for Chapter 1 assistance; and not less than 75 percent of the high school's students meet other barriers to employment described in subsection (b) above.

Proposed new Sec. 274—Program Design.—Provides that the youth program shall be conducted on a part-year or multi-year basis. Requirements for this assessment and referrals made based on the assessment are similar to those described in Sec. 204. Where appropriate the program may offer services similar to those of the adult program described in Sec. 204, as well as other educational and support services.

In developing service strategies, SDAs and PICs shall take into consideration exemplary program strategies and practices. Dropouts under 18 must re-enroll in and actively participate in a school or alternative program to be eligible to participate.

Needs-based payments shall be determined by a local formula or procedure. Counseling and supportive services shall be available for up to a year after termination from the program.

Proposed new Sec. 275—Linkages.—SDAs shall establish linkages with educational agencies, including identifying procedures for serving in-school youth, assessment, and notification when a youth drops out of school. The program shall be coordinated with existing LEA programs for out-of-school youth.

SDAs shall establish linkages with other Federal programs such as Job Corps, vocational and special education, Chapter 1, and JOBS. Linkages which would improve services may be established with State and local agencies, community service groups, and business and labor organizations.

Proposed new Sec. 276—Transfer of Funds.—Allows for a transfer of up to 10 percent of funds from the youth program to the adult program under part A if the transfer is described in the job training plan and approved by the Governor.

SEC. 23—EMPLOYMENT AND TRAINING ASSISTANCE FOR DISLOCATED WORKERS

Amends Sec. 314(f). An eligible dislocated worker in training related to this Title will be considered in training with respect to any other provision of law. The demonstration programs authorized in Sec. 324 of this title are extended through 1996.

SECTION 24—NATIVE AMERICAN AND MIGRANT PROGRAMS

Designates a single organizational unit which shall have primary responsibility for all Native American programs. In staff hiring and promotion, special consideration will be given to those with experience with these populations and individuals who are Indian or Native American. Establishes a Native American Advisory Council. The competition for grants shall be conducted every 2 years, but the Secretary may waive the requirement if the grantee has met all the current requirements upon receipt of a 2 year program plan.

SECTION 25—JOB CORPS

Amends Sec. 423(1) of the Job Corps Program to allow a maximum of 20 percent of participants to be aged 22 through 24. Amends Sec. 426 to allow concurrent or subsequent participation in JTPA and Job Corps. Amends Sec. 427(a)(2) to increase the ceiling on the proportion of non-residential slots in the Job Corps program from 10 percent to 20 percent, with priority given to single parents with dependent children. Amends Sec. 427 to prohibit private contractors from managing a Civilian Conservation Center. Amends Sec. 437 by including a provision for a 1 percent minimum management fee for all Job Corps contractors.

SECTION 26—AMENDMENTS TO PART D OF TITLE IV; NATIONAL ACTIVITIES

Amends Sec. 455 to add that the Secretary shall provide guidance and technical assistance to States and SDAs for documentation of the eligibility of participants. This guidance shall limit the documentation burden to the minimum necessary to adequately verify eligibility and shall not discourage participation.

SECTION 27—UNIFORM REQUIREMENTS

Amends Part D of Title IV of the Act by adding Sec. 456 Uniform Reporting Requirements. Amends Sec. 456. The Secretary of Labor shall, with the Secretaries of Education, and Health and Human Services, identify common data elements and definitions for Federally funded employment and training programs. The Secretary shall report the findings to Congress by January 1, 1994.

Adds Sec. 457—Training Network. The Secretary shall establish a Capacity Building and Information and Dissemination Network to strengthen and improve the effectiveness of services provided through Federal, State and local employment and training programs, including programs not authorized under this Act.

SECTION 28—AMENDMENTS TO PART E OF TITLE IV: LABOR MARKET INFORMATION

Amends Sec. 462. The Bureau of Labor Statistics shall determine the feasibility of organizing information on the quarterly earnings, industry affiliation, and geographic location of employment for appropriate individuals. The Bureau will work with the States to establish procedures to collect and maintain such information. The Secretary of Labor shall report the cost of such a database to Congress 12 months after this Act becomes law. The Secretary, acting through the National Occupational Information Coordinating Committee, shall report to Congress within 24 months on the analysis of the benefits and a schedule for their adoption and maintenance.

SECTION 29—ESTABLISHMENT OF THE YOUTH OPPORTUNITY

Proposed new section 491—Purpose.—To ensure access to education and job training assistance for youth in high-poverty rural and urban communities. To make provisions for a comprehensive range of education, training and employment services to disadvantaged youth not sufficiently served by existing programs. To enable communities with high concentrations of poverty to improve opportunities for youths and to facilitate the coordination of services for such youth.

Proposed new Sec. 492—Program Authorization.—Authorizes Youth Opportunities Unlimited grants to pay the Federal share of providing comprehensive services to youth living in high urban and rural poverty areas. The Secretary may only award grants to SDAs in which the target area is located, or to section 401 (Indian and Native American Program) or Section 402 (Migrant or Seasonal Farmworker Program) grantees.

A maximum of 50 grants may be awarded during the first year of authorization. The one year grants are renewable for each of the two succeeding years if the grant recipient satisfies the grantg requirements during the previous year. In awarding grants, the Secretary must consider the quality of the proposed project, the goals to be achieved, the project's prospects of success, level of community support, and concentration of poverty in the community.

Proposed new Sec. 493—Definitions.—This section defines "high poverty area" as an urban census tract, Indian reservation, Alaskan native village, a rural county with a poverty rate of more than 30 percent, or a local government if its a ratio of the number of food stamp recipients to its population exceeds the State ratio of food stamps recipients by 30 percent or more. "Target Area" is the high poverty area or set of contiguous high poverty areas within the participating community which will be the focus of the program.

Proposed new Sec. 494—Application.—Establishes requirements for applying for funds under the program. Participating communities with the highest coincentrations of poverty are eligible to apply. Communities desiring grants shall submit an application outlining plans to increase job placement and educational attainment and postsecondary matriculation, as well as plans for increasing security and outlining how funds will be matched with local resources.

Proposed new Sec. 495—Grant Agreement .—The grant recipient shall designate a target area with a population of 25,000 oir less, with limited exceptions. The funds shall be used for activities approved by the Secretary such as: teen parent programs, alternative schools, and work experience. Only youths ages 14-21 will be eligible. The LEA and the community shall provide appropriate resources. The community shall work to coordinate Federal, State and local programs, attempt to reach unserved or underserved disadvantaged youth, provide assurances that funds will pay only the Federal share, and not permit funds to support paid work programs unless in conjunction with other education and training activities.

Proposed new Sec. 496—Job Guarantees.—The Secretary shall permit a job guarantee program to youths meeting prior school attendance and performance standards. Funds provided under this part may be used to provide wage subsidies of up to 50 percent. Employment provided to any such youth shall not exceed 15 hours per week during the school year.

Proposed new Sec. 497—Payments; Federal Share.—Grants will be on the basis of target area size and the extent of poverty. Grants under Sec. 401 and 402 may vary. In most cases, the Federal share will be 50 percent. (Section 401 and 402 grantees receive 100 percent). A maximum of 35 percent of the community's share may be from Federal sources other than funds received ujnder this part.

Proposed new Sec. 498—Reporting.—Authorizes the Secretary to establish necessary reporting procedures.

Proposed new Sec. 499—Federal Responsibilities.—Requires the Secretary to provide assistance to the participating communities in implementing the progoram. The Secretary is authorized to retain up to 5 percent of the funds allotted for this part to provide technical assistance and to conduct a program evaluation.

SECTION 31—ESTABLISHMENT OF THE MICROENTERPRISE GRANTS PROGRAM

From the amounts available under this section for FY 1992-1996, the Secretary shall make grants of not more than $500,000 per year to not more than 10 States per year for community-based microenterprise activities for companies of between 1 and 5 employees.

SECTION 32—ESTABLISHMENT OF A NEW PART J OF TITLE IV: DISASTER RELIEF

Funds shall be made available by the Secretary to the Governor of any State within which is located an area which has suffered a major disaster. The bill adds new permenent authority of $15 million each year to fund public service employment for disaster relief as defined in the Disaster Relief Act of 1974.

SECTION 33—TECHNICAL AND CONFORMING AMENDMENTS

This Section lists technical amendments to various sections of this Act.

SECTION 34—EFFECTIVE DATE; TRANSITION PROVISIONS

The amendments made by this Act shall take effect on July 1, 1992. The performance standards shall be issued no later than July 1, 1993.

SECTION 35—TITLE VII—ESTABLISHMENT OF STATE HUMAN RESOURCE INVESTMENT COUNCIL

Proposed new Sec. 701—State Human Resource Investment Council.—Each State may establish a State Human Resource Investment Council to review the use of funds and provision of services under existing resources and advise the Governor on how to best coordinate State and local services with Federal programs to implement State and local standards.

The membership of the State Human Resource Investment Council will consist of, as appointed by the Governor, a minimum of 30 percent from business, a minimum of 30 percent from organized labor and CBOs, a maximum of 20 percent from the chief administrative officers from the State agencies responsible for applicable programs and from the State legislature and other State human resource agencies, and a minimum of 20 percent from representatives of local government, LEAs, local welfare and public housing agencies, and individuals with expertise in the education and career development needs of special populations, women and minorities, including one individual who is a representative of special education.

Proposed new Sec. 703—Budget of State Human Resource Investment Council.—Outlines budget preparation and submission by the State Human Resource Investment Council to the Governor. Provides for hiring of staff and certification of the State Human Resource Investment Council by the Secretary at least 90 days before the beginning of the submitted two year job training plan.

Proposed new Sec. 704—Use of Funds.—States establishing State Human Resource Investment Council may use funds available under other "applicable Federal human resource programs" for State councils to carry out the functions of the State Human Resource Investment Council.

Proposed new Sec. 705—Definition.—"Applicable Federal human resource program" is defined as any federally assisted human resource program included in an agreement reached by the State agencies responsible for administering the affected programs.

CHANGES IN EXISTING LAW

In order to expedite the reporting of this legislation, the Committee has not included changes in existing law made by the bill, as reported. The committee-reported text is printed at the beginning of this report.

XII. ADDITIONAL VIEWS

The Amendments to JTPA contained in H.R. 3033 represent significant improvements and fine-tuning to a program which has provided more than eight years of much needed service to disadvantaged individuals. These include the separation of adult and youth programs, the improved targeting requirements, the comprehensive program design for participants and the strengthened fiscal and administrative provisions.

H.R. 3033 was prepared on a bipartisan basis. We strongly endorse these amendments and plan to continue to work with the Committee, the Senate and the Department of Labor to produce legislation that will strengthen the effectiveness of this important program. There is, however, one Labor to produce important program. There is, however, one provision—disaster relief employment assistance—that is out of step with the rest of the bill and undermines the importance of training as the basic purpose of JTPA.

DISASTER RELIEF PUBLIC SERVICE EMPLOYMENT

Although the provisions regarding disaster relief employment assistance were limited to the National Programs Title of the Act, we continue to be concerned that inclusion of public service employment in JTPA contradicts the whole emphasis of H.R. 3033. The focus of this legislation is to provide more comprehensive education and job training services to program participants with longer term results that lead to job retention and self-sufficiency. It is unfortunate that public service employment is being incorporated into a bill that in other respects truly strengthens the program.

JTPA has as its major focus the provision of training. By contrast, placing an individual in public service employment without education, skill training and other related services, provides only a short term solution to a more complex problem. What the individuals in the disaster relief area might need is not necessarily public service employment, but other kinds of assistance. Creating an employment program without knowing that the need exists, is putting the cart before the horse.

In addition, this public service employment provision is an unnecessary addition to the bill since the bill extends for five years an existing demonstration program authority to allow the Secretary of Labor to fund programs in areas affected by a disaster. Creating a public service employment program to meet the demand that is currently being addressed is establishing unnecesary bureaucratic requirements that will have to be met before assistance can be provided. This new program has the potential of delaying the responsiveness of the services already offered under the current authority

CONCLUSION

Notwithstanding this concern, we believe this bill is an important and constructive step to achieving an improved training system that is sensitive to the complex and comprehensive needs of our disadvantaged youth and adults and better prepares them to obtain and retain employment. We will continue to work toward achieving the best possible legislation and reaching our overall goal.

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